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Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr  
Bridgend County Borough Council



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Annwyl Cyngorydd,

**CYFARFOD CYFUNOL O BOB PWYLLGOR CRAFFU**

Cynhelir Cyfarfod Cyfarfod cyfun o'r holl bwyllgorau Craffu Trwy Skype for Business **Dydd Mercher, 20 Ionawr 2021 am 10:00.**

**AGENDA**

1. Ethol Cadeirydd
2. Ymddiheuriadau am absenoldeb  
Derbyn ymddiheuriadau am absenoldeb gan Aelodau.
3. Datganiadau o fuddiant  
Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau /  
Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y  
Cyngor o 1 Medi 2008.
4. Strategaeth Ariannol Tymor Canolig 2021-22 i 2024-25

5 - 52

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Cyfnwidi testun: Rhowch 18001 o flaen unrhyw un o'n rhifau ffon ar gyfer y gwasanaeth trosglwyddo testun

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We welcome correspondence in Welsh. Please let us know if your language choice is Welsh

A. Addysg a Chymorth i Deuluoedd

Gwahoddwyr

Cynghorydd Huw David, Arweinydd  
Cynghorydd Hywel Williams, Dirprwy Arweinydd  
Cabinet Cynghorydd Dhanisha Patel - Aelod Cabinet Lles a Chenedlaethau Dyfodol  
Cynghorydd Charles Smith, Aelod Cabinet Addysg ac Adfywio

Lindsay Harvey Cyfarwyddwr Corfforaethol – Addysg a Chymorth i Deuluoedd  
Gill Lewis, Pennaeth Cyllid, Perfformiad a Newid dros dro  
Mark Shephard Prif Weithredwr  
Kelly Watson Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

Nicola Echanis – Pennaeth Addysg a Chefnogaeth i Deuluoedd  
Deborah Exton Dirprwy Bennaeth Cyllid dros dro  
Victoria Adams, Rheolwr Cyllid – Rheoli Cyllidebau: Cymunedau, Addysg a Chymorth i Deuluoedd

Hannah Castle, Prifathro, Ysgol Gyfun Cynffig - Cadeirydd Fforwm Cyllideb Ysgolion  
Neil Clode, Prifathro, Ysgol Lau Llangewydd - Is-gadeirydd Fforwm Cyllideb Ysgolion

Cynrychiolwyr Cofrestredig

Tim Cahalane – Eglwys Gatholig Rufeining  
Ciaron Jackson – Sector Ysgolion Cynradd  
Rev. Canon Edward Evans – Yr Eglwys yng Nghymru  
Lynsey Morris – Sector Ysgolion Uwchradd

B. Cyfarwyddiaeth Cymunedau

Cynghorydd Huw David, Arweinydd  
Cynghorydd Hywel Williams, Dirprwy Arweinydd  
Cabinet Cynghorydd Dhanisha Patel - Aelod Cabinet Lles a Chenedlaethau Dyfodol  
Cynghorydd Richard Young, Aelod Cabinet Cymunedau

Gill Lewis, Pennaeth Cyllid, Perfformiad a Newid dros dro  
Janine Nightingale Cyfarwyddwr Corfforaethol, Cymunedau  
Mark Shephard Prif Weithredwr  
Kelly Watson Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

Deborah Exton Dirprwy Bennaeth Cyllid dros dro  
Zak Shell, Pennaeth Gwasanaethau Cymdogaeth  
Victoria Adams, Rheolwr Cyllid – Rheoli Cyllidebau: Cymunedau, Addysg a Chymorth i Deuluoedd

5. Materion Brys

I ystyried unrhyw eitemau o fusnes y, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Nodyn: Sylwch: Yn sgil yr angen i gadw pellter cymdeithasol, ni fydd y cyfarfod hwn yn cael ei gynnal yn ei leoliad arferol. Yn hytrach, bydd hwn yn gyfarfod rhithwir a bydd Aelodau a Swyddogion yn mynychu o bell. Bydd y cyfarfod yn cael ei recordio i'w ddarlledu ar wefan y Cyngor cyn gynted ag sy'n ymarferol ar ôl y cyfarfod. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) neu ffoniwch 01656 643147 / 643148.

Yn ddiffuant

**K Watson**

Prif Swyddog – Gwasanaethau Cyfreithiol, Adnoddau Dynol a Rheoleiddio

**Dosbarthiad:**

Cynghowrwr

S Aspey  
SE Baldwin  
TH Beedle  
JPD Blundell  
MC Clarke  
N Clarke  
RJ Collins  
P Davies  
PA Davies  
SK Dendy  
DK Edwards  
J Gebbie  
T Giffard  
CA Green

Cynghorwyr

DG Howells  
A Hussain  
M Jones  
MJ Kearn  
DRW Lewis  
JE Lewis  
JR McCarthy  
RL Penhale-Thomas  
AA Pucella  
JC Radcliffe  
KL Rowlands  
B Sedgbeer  
RMI Shaw  
JC Spanswick

Cynghorwyr

RME Stirman  
G Thomas  
T Thomas  
JH Tildesley MBE  
E Venables  
MC Voisey  
LM Walters  
KJ Watts  
CA Webster  
DBF White  
PJ White  
A Williams  
AJ Williams  
JE Williams

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## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO A COMBINED MEETING OF ALL OVERVIEW AND SCRUTINY COMMITTEES

21 JANUARY 2021

### REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

#### MEDIUM TERM FINANCIAL STRATEGY 2021-22 to 2024-25

#### 1.0 Purpose of report

1.1 The purpose of this report is to present the Scrutiny Committees with the draft Medium Term Financial Strategy 2021-22 to 2024-25, which sets out the spending priorities of the Council, key investment objectives and budget areas targeted for necessary savings. The strategy includes a financial forecast for 2021-2025 and a detailed draft revenue budget for 2021-22.

#### 2.0 Connection to corporate well-being objectives / other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

2.2 The Corporate Plan and Medium Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next four financial years, with particular focus on 2021-22.

#### 3.0 Background

##### Corporate Plan - Policy Context

3.1 The Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 are currently:

- Supporting a successful sustainable economy
- Helping people and communities to be more healthy and resilient
- Smarter use of resources

3.2 This draft MTFs has been significantly guided by these priorities. Although previous year-on-year changes in Aggregate External Finance (AEF) have necessitated significant budget reductions across different service areas, the Council still plays a very significant role in the local economy of Bridgend County Borough and is responsible for annual gross expenditure of around £420 million and is the largest employer in the county borough. The Corporate Plan will be presented to Council for approval alongside the MTFs 2021-25 in February 2021 and will be fully aligned with the MTFs including explicit links between resources and well-being objectives.

### **Impact of Covid-19**

3.3 The quarterly reports to Cabinet on the revenue position for 2020-21 have outlined in detail the impact on the budget of the additional cost pressures and loss of income faced by the Council throughout the year as a result of the pandemic. Welsh Government has played a significant role in mitigating the majority of these losses through their various funding streams, most notably the Covid-19 Hardship Fund.

3.4 However, Cabinet and Council now need to consider the longer term impact of the pandemic and how it will shape the Council as part of its Recovery Programme, which comprises the following strands:

- Restart
- Recover
- Renew

3.5 Clearly budget planning for the financial year 2021-22 is even more uncertain than usual due to the impact of the global Covid-19 pandemic, which is on top of the uncertainties around the end of the Brexit transition period. While, on the whole, the UK and Welsh Governments have been supportive of the initial additional costs and burdens that have emerged from Covid, and covered most of the directly incurred costs, moving forward it remains unclear how much of the loss of income and additional cost pressures will be covered in the 2021-22 financial year. In particular it is anticipated that some of the impact on levels of income in leisure, car parking and rental income, for example, may be a medium term problem. In addition it is likely that there will be an additional call on the council tax reduction scheme in view of the inevitable economic impact, and the level of council tax collection is estimated to fall. Furthermore, ongoing expenditure on matters relating to public health, such as the test, trace and protect scheme, use of personal protective equipment, arrangements for the public vaccination programme, additional Covid-19 enforcement as well as other expectations with regard to addressing homelessness more robustly, and supporting social care sustainability, are likely to be significant.

3.6 In these circumstances setting a balanced budget for 2021-22 is even more challenging than usual, particularly on the back of 10 years of significant budget savings during the austerity years.

## **4.0 Current situation / proposal**

### **4.1 Budget Narrative**

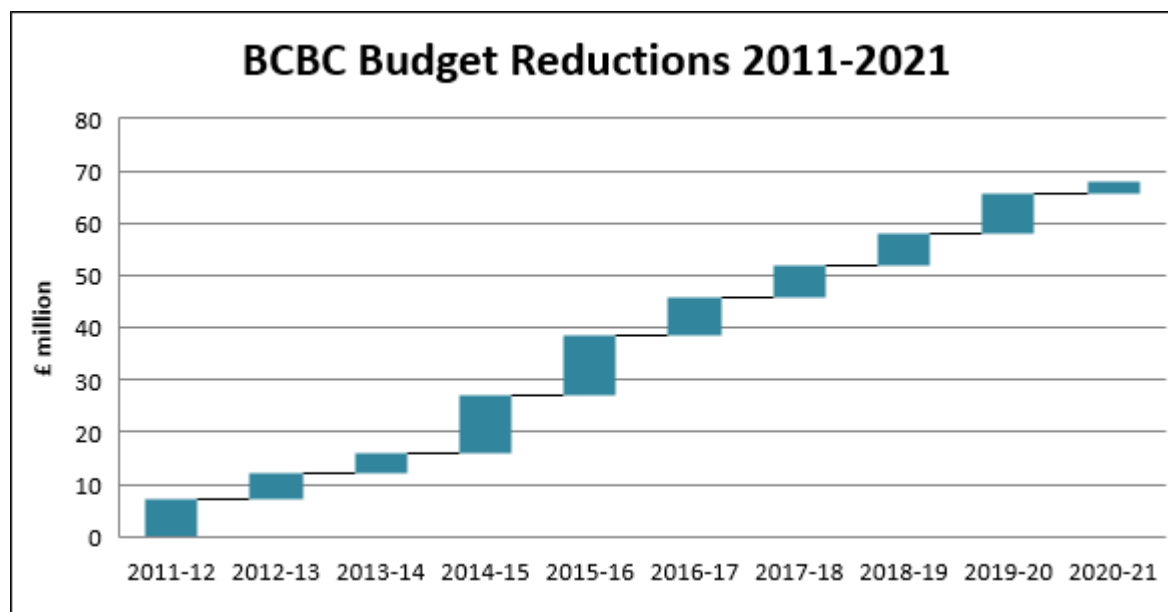
The Council aspires to improve understanding of its financial strategy, link more closely to the agreed corporate well-being objectives and explain the Council's goal of delivering

sustainable services in line with the overarching ambition of the Well-being of Future Generations (Wales) Act 2015. The following budget narrative aims to articulate the continued and significant investment in public services that the Council will make. It sets out how the Council aims to change particular areas of service delivery, particularly in light of the Covid-19 pandemic, and the financial consequences of this.

#### 4.1.1 Corporate Financial Overview

Over the last 10 years, the Council has made £68 million of budget reductions, as shown below. This represents almost 25% of the Council's current budget:

##### **Bridgend County Borough Council Budget Reductions 2011 to 2021**



While the Council's net revenue budget is planned at £298.956 million for 2021-22, its overall expenditure far exceeds this. Taking into account expenditure and services which are funded by specific grants or fees and charges, the Council's gross budget will be around £420 million in 2021-22. The local authority's annual revenue budget covers the day-to-day running costs of the local authority (including staff salaries, building maintenance, pensions, operational costs etc.). Around £180 million of the gross budget is spent on the Council's own staff including teachers and school support staff. Much of the cost of the services provided by external organisations is also wage related – these include for example waste collection operatives, social care workers, leisure staff and foster carers.

The Council gets the majority of its revenue funding from Welsh Government through the Revenue Support Grant and a share of Non Domestic Rates. It supplements this through council tax collection, other grants and fees and charges. Council tax is a charge that local authorities charge to help to pay for their services. The amount that council tax payers pay is made up of 3 elements:

- Bridgend County Borough Council charge
- Community Council charge
- Police and Crime Commissioner for South Wales charge

In terms of council tax, the proportion of council tax required to balance the Council's budget has steadily increased over recent years and it currently funds almost 30% of the budget.

As well as having reduced income to fund services, there are other pressures that squeeze resources. Amongst these are:

- Legislative changes e.g. the Environmental (Wales) Act 2016, the Welsh Government's commitment to eradicate homelessness, the implications of the Local Government and Elections (Wales) Bill and the Additional Learning Needs and Education Tribunal (Wales) Act 2018.
- Demographic changes - People are living longer which is obviously good news but that also can bring increased dependency through people living with more complex or multiple conditions which require social care and support.
- An increase in the number of pupils at our schools, which places increased pressure on school budgets, along with an increase in free school meals entitlement which brings additional funding pressures.
- More recently, a reduction in the amount of council tax being collected, due to the difficult economic circumstances that people find themselves in. This is coupled with an increase in council tax support as more people find themselves on low incomes or claiming benefits.

The Council has adopted a Corporate Plan that sets out the approaches that it will take to manage these pressures whilst continuing to ensure that, as far as possible, services can be provided that meet the needs of the citizens and communities in Bridgend. These approaches are:

- Though a large and complex organisation, the Council will make every effort to work as one single organisation. That means avoiding duplication and double handling of data through sharing of systems and processes. This isn't always as easy as it sounds because often different rules or opportunities apply to different services. Nevertheless acting as 'One Council working together to improve lives' is enshrined in the Council's vision.
- Wherever possible the Council will support communities and people to become more resilient by creating their own solutions and reducing dependency on the Council. This is because it is not sustainable for the Council to continue to aspire to meet all and every need that arises and because there is capacity, talent and ideas in other parts of the community that can be encouraged to play an active and effective role in sustaining and often enhancing local services. The Council has a role in encouraging, enabling and leading this approach and has adopted this as one of its underlying principles.
- The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. Parts of our community have long standing problems of poverty and disadvantage. The solutions to this are not all in the direct control of the Council (for example the effects of changes to the welfare system) but where possible the Council has agreed that it wants to both alleviate problems in these areas and develop longer term sustainable solutions. The new socio-economic



duty on public bodies, which comes into force on 31 March 2021, will reflect these aims.

- The Council has three well-being objectives that reflect these and other principles. One of these objectives is to make “Smarter Use of Resources”. This means we will ensure that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council’s priorities.

In seeking to continue to meet the council’s identified priorities and protect its investment in Education and early intervention, Social Services and Wellbeing, and prioritise the most vulnerable in our society, we are proposing the following changes in the 2021-22 budget.

### **Additional Income**

Where possible, and still recognising the ongoing economic challenges that local people and businesses will face next year, the council will seek to raise additional income. However, there will be limited opportunities to do so given the immense challenges that COVID-19 has brought to the population. We will continue to look for opportunities where that might be possible.

### **Alternative Delivery Models**

We will continue to seek alternative ways of delivering services if that can ensure greater sustainability and efficiency. Over recent months there has been a significant acceleration in the Community Asset Transfer (CAT) Programme and it is anticipated that a saving of £300,000 can be made next year by transferring responsibility for the management of assets, predominantly outdoor sports related playing fields and pavilions, to town and community councils or community clubs and groups. In addition the Covid-19 pandemic has shown how some Council services can be delivered differently, and it is important that where appropriate that is something that endures and that investment is made to ensure that services can be maintained and delivered safely. Specifically it is anticipated that an acceleration of the Council’s digital programme will allow efficiency savings reflected in some of the proposed staff savings, in service areas such as Finance and Human Resources. In all, proposed staff savings in the Chief Executive’s Directorate alone total over £89,000. Wherever possible, staff restructuring will be done sympathetically allowing those that wish to leave to do so, but also making appropriate investments in home and agile working and digital technology to ensure the Council is fit for the future.

### **Efficiency Savings**

The best kind of budget savings of course remain ones where there is little or no direct impact on staff or residents. After a decade of substantial budget savings, opportunities for large scale savings of this sort are now more scarce, but where they emerge they remain an important component of the MTFs. For next year significant savings are proposed to the Council’s ICT telephony budget of £41,000, the insurance budget of £75,000 and the communications’ licensing budget of £8,000. Further savings of £120,000 are proposed in prudential borrowing costs in the building maintenance budget, and £60,000 for the fire suppression scheme in the Tondu Depot as the scheme is paid from capital rather than revenue. The ongoing investment in installing LED lighting in the

Council's streetlights continues to offer further savings with a budget saving of £75,000 proposed for next year. There is also a potential saving of £19,000 by utilising Welsh Government grant to purchase a new vehicle to service the collection of the Council's Absorbent Hygiene Product waste and therefore negate the need for, and the current costs of, leasing a vehicle. The Council will continue to seek to apply and secure grants where they can lead to revenue savings and greater sustainability of important services. Other potential savings are being considered in relation to the current contracts with Halo Leisure and Awen to run our leisure and cultural facilities, which may allow some ongoing revenue savings by varying the terms of the existing contracts with regard to issues such as energy and building maintenance.

### **Property Savings**

The Covid-19 pandemic reinforced the need for the council to consider very closely the need for all of its portfolio of building assets. Over recent years savings have already been made by rationalising the number of operational depots and releasing one of the Council's major staff offices at Sunnyside. For 2021-22 further savings are proposed by housing the ICT staff and server in the Civic Offices and not renewing the lease on Sunnyside House, for which an annual budget saving of £309,000 will result. Furthermore, the Council's investment in a new, modern, Community Recycling Centre in Pyle, due to open in 2021-22, will mean the lease for the site at Tythegston can be ended with a saving of £60,000 per year.

### **Changes to Service Provision**

Unfortunately, despite the likely settlement we will receive for 2021-22 being an increase overall, it is highly unlikely that we will be able to balance the budget without also making changes to the level of services that we can provide and prioritising those services that are deemed most important in terms of meeting the Council's agreed priorities. In particular it is important that where the council runs a service that also benefits other organisations and partners that appropriate contributions are made, where possible, to complement the Council's investment.

#### **4.1.2 Education**

The Council is proposing to spend £127 million on services delivered by the Education and Family Support Directorate in 2021-22. The majority of this money will be spent by Bridgend's 59 schools and one pupil referral unit.

In addition to the £103 million proposed budget to be delegated to schools in 2021-22, which mostly pays for the salaries of teaching and other school staff, and the running costs of the facilities (ongoing revenue expenditure), the Council has already spent £21.6 million in building and refurbishing schools as part of our 21<sup>st</sup> Century School Modernisation Band A Programme and has provisionally committed to a further £19 million as part of the Band B Programme. This comprises one-off capital expenditure across several years, with significant match funding from Welsh Government. Welsh Government has provided approval in principle in respect of the Strategic Outline Programme submitted by the Council around our aspirations for Band B funding. However, approval will also be required for individual project business cases. While it is too early to say how this will progress, the concepts proposed are based around forecast demand for primary school places, our support to promote the growth in Welsh-medium education and our desire to create additional capacity to meet the needs of children with

additional learning needs in our main special school, mainly in the primary sector. It is likely that this will represent the most significant area of capital expenditure for the Council in future years.

The Council has a longer-term goal to make the overall schools system more efficient (e.g. through making sure we have the right number of school places available in the right parts of the county (including ensuring enough capacity for anticipated future increases in school age population)).

For 2021-22 the level of budget reductions required is not as great as had been feared. As a result, it has been possible to protect schools from a proposed 1% annual efficiency target for one year. However, the forecast pressure on Council budgets for future years is such that it may be unavoidable for 2022-2023 onwards, and so it will be necessary for headteachers and governing bodies to plan ahead.

The Council has identified 'Helping people and communities to be more healthy and resilient' as a 'Well-being Objective' and early intervention is an important part of this – taking steps wherever possible to prevent people becoming reliant on Council services. As well as being of great social value to individuals and communities, this approach is more cost effective. Successful intervention at an early age and at an early stage can prevent needs from escalating and requiring more costly and complex help later on.

In seeking to protect our investment in education and early intervention, the Council is making minimal changes to the services delivered at this time. We are proposing the following changes in 2021-2022 that are reflected in the budget:

- We intend reviewing our staffing structures within the Education and Family Support Directorate, which we anticipate will secure efficiency savings of around £110,000.
- We would like to reduce our contribution to Central South Consortium over the coming years. This is, however, subject to agreement with our partners. For 2021-2022, we anticipate a further cut of £5,000 (1%). We will continue discussions around savings that can be made in future years.

We will continue to seek efficiencies in the application of the Council's Home-to-School / College Transport Policy. We expect to achieve at least £75,000 of efficiency savings during 2021-22. We have also reviewed other aspects of our transport provision including post-16 transport, following a full public consultation exercise.

### **4.1.3 Social Care and Well-being**

After Education, the largest area of Council spend is on social care. This includes social care for children and for adults with care and support needs. Within the Directorate there is a focus on well-being and independence, outcome focussed practice which supports people to live the lives that matter to them. This way of working results in less dependency on commissioned social care services for many individuals and more effective and cost effective use of statutory services. The Directorate continues to develop new approaches to service delivery and this includes better support and outcomes for prevention, early intervention and wellbeing. This approach supports the wellbeing objective of 'helping people and communities to be more healthy and resilient' and is also part of the Directorate's transformation plan with a clear link to the Medium Term Financial Strategy.

There are established working relationships between children's social care and early help and intervention services with mechanisms in place to ensure close working and appropriate and proportionate responses to families and children in need.

Our strategy for the next few years is to more effectively support independence and continue to remodel the way we work in order to lessen dependency and enable people to maximise their independence.

Social services is largely a needs led service and whilst the long term strategy is to enable people to be more self-reliant, the demographics show that people are living longer, often with more complex conditions than ever before. This means that there are more people living in the community who would previously have remained in hospital or entered a care home. Children's social care is also needs led and the financial pressure to meet need can fluctuate very rapidly. Needs are met and personal outcomes achieved within available budgets. In total, the Council is proposing to spend £74 million on social care and wellbeing services in 2021-22.

Though some pressures are allowed for in planning the 2021-22 budget, we are not simply increasing the budget to meet needs based on current models of care and support. This would be unsustainable and if we increased budgets year on year to meet new demand, it would increasingly mean the Council would have to restrict other services. Therefore the Council's strategy is to continue to transform how we work with people to support their independence and how services are delivered. Introducing new ways of working which will be sustainable in the long term, alongside a service which has to meet a range of statutory needs, requires a long term shift in culture and practice. The service has made good progress in achieving the required savings, however the increase in demand and complexity of care required continues to put pressure on our budgets. The impact of the Covid-19 pandemic on people with care and support needs and the social care sector is significant in the short and medium term and plans will need to be adjusted to reflect this changed context.

In order to be sustainable going forward, the Council is ensuring that any changes are introduced in a planned and timely way in order to take existing and future customers with us as well as the general workforce. This work has already commenced and the budget saving proposals for 2021-22 build on the implementation plans that are already underway. The re-modelling programmes focus on changing the culture and reviewing what has become 'custom and practice'.

The Council has already made changes. In adult social care we have changed the assessment framework in order to improve the outcomes for people who need care and support whilst also reducing the numbers of people who require long term support. The Council focuses on helping people to achieve the outcomes they want for themselves, targeting our interventions on what is missing, rather than going straight to what package of care we can give them. We are also actively reviewing the way we deliver domiciliary care, day services and residential care for children. There has also been an increased focus on developing the Council's foster care and remodelling residential services.

Importantly these transformations are designed to both better support people and cost less. The Council has identified a number of further transformations that continue this approach, some of which are reflected in changes to the budget. These include a full review of the learning disability day opportunities and accommodation strategy and further remodelling of Children's residential and fostering services.

Housing as a determinant of physical and mental health is widely recognised and this link is reinforced by the range of activities and services provided by the Housing Team. The Housing (Wales) Act 2014 introduced the need to move to a more preventative approach to homelessness and this is a core principle of the work undertaken. The service has responded to the challenges of Covid-19 and new guidance introduced by Welsh Government in relation to homelessness presentations, and has recognised these as budget pressures for the Council, with the aim of providing temporary accommodation to people in need, in order to reduce the number of street homeless people. The Council does not have any housing stock of its own but retains a number of statutory functions relating to addressing housing need and combatting homelessness.

The service also administers the Housing Support Grant from Welsh Government (£5.8 million). The support activities are both broad and diverse. This is done both through a range of corporate joint working and contract arrangements with third sector organisations, delivering specific projects for people who are vulnerable with complex needs. These projects include services for people suffering domestic abuse, mental health and substance misuse issues, learning disabilities, accommodation for young people, people with mental health support needs and other housing related support for people who need help to access or maintain accommodation successfully.

Housing will continue to adopt a strategic approach to homelessness prevention and provision by working with Welsh Government and partner organisations. Work with Registered Social Landlords is on-going to support new housing developments and housing will continue to use the Social Housing Grant effectively to increase the supply of social housing.

#### **4.1.4 Public Realm**

Most of the Council's net budget is spent on education and social care – these are very valued services, but are naturally aimed at certain groups within our community. However, the Council's work on the public realm has a direct and visible impact on everybody. This includes our work to maintain highways, parks and open spaces, clean our streets, and collect and dispose of our waste.

In 2021-22 the Council is likely to receive around £4 million of direct Welsh Government grant for public realm services. This includes waste services, public transport, rights of way and road safety.

The overall net budget that the Council proposes to spend on public realm services is around £21.8 million. The fact that schools have had a high degree of financial protection in previous years has meant that the Council's other services have been under considerable pressure to make savings and in many cases we have had to reduce levels of service. However the services in the Communities Directorate have also been subject to service changes that have resulted in alternative delivery models that have increased productivity, as well as collaborative approaches that have increased both efficiency and service resilience. Investment in this area is proposed to continue into 2021-22.

The seven year contract with Kier is now moving into its fourth year and the costs associated with waste collection still remain competitive on an all Wales basis. During the first few years of the contract there has been a significant increase in the amount of waste recycled, (Bridgend is consistently in the top 5 of best performing waste authorities in Wales), and therefore a significant reduction in the volume of our residual waste. This is expected to benefit the Council financially over time, subject to contractual conditions

with our disposal arrangements. An indicative net saving of £1.3 million was identified in 2019-20 as a result of negotiating new operating arrangements at the Materials Recovery and Energy Centre (MREC). An agreement with Neath Port Talbot Council has now been made for waste disposal going forward until 2030 or until a regional facility comes on line. A £300,000 budget pressure is included in the MTFs for 2021-22 to mitigate the shortfall in savings until this time. We expect to spend in the region of £9.1 million on the collection and disposal of waste in 2021-22. Work will also commence on looking at the provision of waste and recycling services post 2024, when the Kier contract ends, and this will be reported to Cabinet in 2021.

A major challenge for the Council is how to continue to meet public expectations for many highly visible and tangible services when the available overall Council budget inevitably means the Council will be less able to deliver these services to the same level and frequency. These services are often the ones the public identify with their council tax payments.

The Council's strategy is to retain and maintain the most important public services in this area whilst driving ever greater efficiency, making some service reductions where we think it will have the least impact across Council services, recognising that this still may be significant in some areas. We will also develop alternative ways of delivering and sustaining services including greater and more effective collaboration and encouraging others to work with us or assume direct responsibility for services in some cases. The most significant proposed change in this respect is:

- A move to shift the responsibility for the management and maintenance of sports fields and pavilions from the Council to user clubs and groups or local town and community councils. The Council will adopt a flexible approach to community asset transfer (CAT), utilising the new streamlined CAT process, and ensuring that appropriate advice and both capital investment (from the CAT fund in the capital programme) and revenue support (from the new sports club support fund) are made available. The Council aims to achieve savings of £300,000 in 2021-22 from transferring these assets.

Reductions in spend in this area will allow us to protect our investment in the Council's priorities and in areas where we have far less ability to exercise control.

#### **4.1.5 Supporting the Economy**

Whilst this is a Council priority, services such as regeneration and economic development as a discretionary service have nevertheless made significant reductions to their budgets over recent years. The Council has delivered this by employing fewer but more highly skilled staff, and focussing activity more narrowly on priority areas to maximise impact. Going forward, we will increasingly collaborate on a regional basis with the nine other Councils that make up the Cardiff Capital Region City Deal, particularly in areas such as transport, economic development and strategic planning. The City Deal is creating a £1.2 billion fund for investment in the region over the next 20 years. This long term investment will be targeted to focus on raising economic prosperity, increasing job prospects and improving digital and transport connectivity. In order to play an effective part in the City Deal, the Council will maintain as far as possible existing investment in its transport planning, spatial planning and regeneration teams to reflect this direction of travel. The Council will be spending in the region of £2.1 million a year running these services, plus a further £700,000 as Bridgend's contribution to the Deal itself. These

teams will ensure successful delivery of high profile regeneration projects, as well as working through its employability programme to mitigate job losses as a result of the pandemic and major employers, such as Ford, leaving the County Borough. We are also in the process of developing a new Local Development Plan and an important part of our budget planning is making sure that it is resourced appropriately to ensure our plan is properly researched and evidenced and sets out the development planning proposals for the County Borough which will shape its future, including housing growth.

More specifically, the Council has made and continues to make good progress in pursuit of the development of our main towns. These include the regeneration of the waterfront at Porthcawl, including the Salt Lake site, the redevelopment of Maesteg Town Hall, and investment in initiatives to improve the town centre in Bridgend. This includes potentially relocating Bridgend College to a town centre location. Much of this investment is not the Council's own money, but skilled teams are required to bid successfully in a competitive environment to ensure money is levered in.

The Council will continue to operate a number of grant funded programmes of work to support our most vulnerable groups and those furthest away from employment, including training and skills and work support programmes such as Bridges into Work.

#### **4.1.6 Regulatory and Corporate Services**

The Council operates a number of other services which it recognises fulfil specific and important roles. In many cases these are statutory though the precise level of service to be provided is not defined in law. The most significant areas are as follows:

##### Regulatory Services

This is a combined service with the Vale of Glamorgan and Cardiff City Councils, for which Bridgend will contribute around £1.8 million towards a group of services that includes Trading Standards, Environmental Health, Animal Health and Licensing (Alcohol, Gambling, Safety at Sports Grounds, Taxis etc.). These services all ensure in different ways that the public is protected.

As well as allowing for financial savings, the collaboration delivers greater resilience in the service and stronger public protection across all three Council areas.

##### Registrars

The Council operates a registrar's service that deals primarily with the registration of Births, Marriages and Deaths. The service also undertakes Civil Partnership and Citizenship ceremonies. The main base for the registrars' service was moved from Tyr Ardd to the Civic Offices during 2020-21, creating efficiencies in terms of operating costs by rationalising the Council's estate and generating an additional capital receipt.

##### Council Tax and Benefits

The taxation service collects over £80 million in Council tax from around 65,000 households across the county borough. Our collection rates over the last two years were the highest ever in the Council's history, but this has been seriously impacted by the Covid-19 pandemic. We are determined to regain this high level, but we are seizing the opportunity to reduce the cost of operating the service, by offering online services. We

now offer a range of secure Council tax functions online, allowing residents to self-serve at a time and location convenient to them. This will allow us to reduce the cost of running the service.

Benefits are funded by the central UK government but the administration of Housing Benefit and the Council Tax Reduction Scheme falls to the Council.

Universal Credit (UC) for working age people was fully introduced in Bridgend during June 2018. In conjunction with Citizens Advice, the Benefits Service will provide digital and personal budgeting support to assist people making new claims for UC.

#### **4.1.7 Corporate Services**

There are a number of things that the Council does that support the delivery of services but which themselves are not visible to the public. We need to maintain these services with sufficient capacity to support our services whilst making them as efficient and effective as possible. In many cases we operate such services by sharing with other organisations. Opportunities for further collaboration or sharing in these service areas has been and will continue to be explored.

##### Property and building maintenance

The Council is undertaking a review of its commercial property portfolio, identifying asset management opportunities and the mechanisms required to deliver a sustainable increase in income. Alongside this, the Council is continuing to dispose of assets it no longer requires to deliver services, in order to provide further investment in our capital programme.

The Council has brought together its asset management and building maintenance functions, and has centralised all premises repairs, maintenance and energy budgets into a single 'corporate landlord' service within the Communities Directorate. This will better enable us to manage compliance, embed 'whole life costing' approaches into decision-making, manage the quality of work undertaken by contractors, and thereby deliver efficiencies in the management of our estate. This focus on reducing our assets and energy efficiency will be essential if the Council is to meet Welsh Governments targets of all public sectors bodies being net carbon neutral by 2030. A draft "Bridgend 2030 Decarbonisation Strategy", setting out these intentions will be subject to public consultation in 2021.

The service will continue to review its processes in 2021-22 including seeking further operational efficiencies and streamlined business processes, from IT investment, improved procurement and contract management.

##### Legal services

The Council needs to maintain effective legal support for all of its services. At a time when the Council is trying to transform services it is important to bring about these changes within the law. The service also directly supports front line services such as Education and Social Services, and is provided by a mix of permanent internal staff and expertise purchased from the private sector when necessary. Almost half of our in-house legal team is specifically focussed on child protection cases.



The service is nevertheless very lean and so our focus will be on ensuring that we can build more resilience and responsiveness into the service through some changes in responsibilities and operating practice.

### Finance

The Council has a central team that manages all of the financial management of the Council. This includes high level strategic advice, the Council's accounts, monitoring of financial performance and supports the oversight and management of the Council's finances. The service fulfils certain legal requirements that ensures transparency and accountability in the way that public money is used – for example in producing accounts which are then audited and in delivering value for money in service delivery.

The Finance Section will be looking to further improve and enhance business processes to improve efficiency and also meet legislative changes. Significant progress has been made in automating payments and the Council will continue to develop and extend this to a wider range of suppliers.

### Human Resources (HR) and Organisational Development (OD)

With over 6,000 employees including schools, the Council needs a dedicated human resources service. The primary role of the service is to provide professional advice, guidance and support to managers and staff on a wide range of HR and OD issues as well as provide HR services for the payment of salaries, pension, contracts and absence administration. Other services include training and development, recruitment and retention, developing employee skills and 'growing our own'. We intend making greater investment in recruiting more apprentices next year.

Working closely with our recognised trade unions, it maintains positive and transparent employee relations arrangements.

### ICT

We are continuing to invest in the automation and digitisation of services in line with our recently approved Digital Strategy, where it is appropriate to do so, and work is ongoing to identify priority areas through the Digital Transformation Programme which will help achieve savings in future years of the MTFS.

The ICT service is assisting the Digital Transformation programme, supporting the changes across a range of services that in turn allow savings or improvements through more flexible working or new ways to access services. The Council spends around £5 million on its ICT services provision to support main Council activities and schools. The ICT service has focused on developing staff through the apprenticeship programme in conjunction with HR, developing skills and enabling career progression in-house.

### Procurement

The Council has a central team that provides procurement support across the range of services that we provide. Effective procurement is essential to ensuring good value for money across the Council, but we will still continue to seek corporate wide efficiencies in the operation of this service. The service is also focusing more efforts on developing the foundational economy based on local procurement as well as reviewing its overall

approach in an effort to secure better outcomes for the Council from its large annual spend in this area.

### Democratic Services

The Council is a democratic organisation with 54 elected members (Councillors) who make decisions, set policy direction and oversee the general performance of the Council. Like many Councils, Bridgend has a mayor whose job is to chair meetings of the Council and represent the Council in the community (this is completely different to the elected mayors in cities like London and Bristol). These democratic processes require support to ensure accountability and transparency in decision making. The number of elected members in each authority is set independently. Their remuneration is also determined by an independent Panel.

### Internal Audit

Our Regional Internal Audit Shared Service is provided by a joint service that we share with the Vale of Glamorgan, Rhondda Cynon Taf and Merthyr Councils. The service carries out routine checks and investigations to ensure that the Council maintains good governance – especially as it relates to the proper accountability of money and other resources.

## **4.2 The Financial Context**

4.2.1 The Council's MTFs is set within the context of UK economic and public expenditure plans, Welsh Government's priorities and legislative programme. The MTFs articulates how the Council plans to use its resources to support the achievement of its corporate priorities and statutory duties, including the management of financial pressures and risks over the next four years. It helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of balances to meet changes in resources or demands from year to year without impacting unduly on services or Council tax payers.

4.2.2 The MTFs includes:

- The principles that will govern the strategy and a four year financial forecast, comprising detailed proposals for 2021-22 and outline proposals for 2022-23 to 2024-25.
- The capital programme for 2020-21 to 2030-31, linked to priority areas for capital investment and the Capital Strategy, which will be presented for approval by Council in February 2021, along with the Treasury Management Strategy 2021-22.
- The Corporate Risk Assessment, which will be updated and included in the final MTFs in February 2021.

4.2.3 In March 2020, following a one-year Spending Round in 2019, the Chancellor announced that the comprehensive spending review (CSR), setting out government expenditure plans for the next three years would be delayed because of the coronavirus outbreak. When the CSR was launched in July 2020, due to unprecedented uncertainty, the Chancellor did not fix a set spending envelope, but confirmed that departmental spending

(both capital and resource) would grow in real terms across the CSR period and that the government would deliver on the commitments made in the March Budget to level up and invest in the priorities of the British people. Given the impact COVID-19 has had on the economy, the Chancellor was clear there will need be tough choices in other areas of spending at the review.

- 4.2.4 In October 2020 the Treasury confirmed that the Comprehensive Spending Review would only set departmental budgets for the following year, due to the economic disruption caused by Covid-19, and the ongoing uncertainties around Brexit, rather than the original plan of setting spending totals for three years and capital budgets for a further year. A statement from the Treasury said:

*“In order to prioritise the response to Covid-19, and our focus on supporting jobs, the Chancellor and the Prime Minister have decided to conduct a one-year Spending Review, setting department’s resource and capital budgets for 2021-22, and devolved administration’s block grants for the same period.”*

*“While the government would have liked to outline plans for the rest of this parliament, the right thing today is to focus entirely on the response to Covid-19 and supporting jobs - that’s what the public would expect.”*

- 4.2.5 This is the second single year spending review in succession, and on 25 November 2020 the Chancellor delivered the outcome of the review, along with the Office for Budget Responsibility (OBR) forecast. In terms of the latter, the OBR forecasts that the economy will contract this year by 11.3% - the largest fall in output for more than 300 years. The Chancellor did say, however, that as the restrictions are eased, they expect the economy to start recovering, but that even with growth returning, *“our economic output is not expected to return to pre-crisis levels until the fourth quarter of 2022”*. He added that the economic damage would be lasting and that the economy would be 3% smaller than expected in the March budget.

- 4.2.6 In relation to the Spending Review he reported that this would deliver a "once in a generation" boost to infrastructure, with extra spending on schools, for councils and for the NHS. He said there would be £280 billion in spending "to get our country through coronavirus". He also said that the Spending Review would deliver stronger public services with billions in additional funding, including £1.3 billion for Wales. He also announced targeted pay increases for NHS workers and those on low pay, with a pay freeze for most of the rest of the public sector, alongside an increase in the National Living Wage of 2.2%.

- 4.2.7 In response to the Spending Round, the Minister for Finance and Trefnydd, announced that Welsh Government’s revenue expenditure limit for 2021-22 would increase by 4.6% in cash terms. This is in addition to additional funding for 2021-22 of £766 million in relation to Covid-19. She also expressed disappointment at the public sector pay freeze, the capital settlement, which was much lower than expected, and the low level of funding for the whole of the UK for the Shared Prosperity Fund, the replacement for EU funding, for 2021-22.

- 4.2.8 As a result of the late announcement of the Comprehensive Spending Review, Welsh Government decided to defer the announcement of their draft budget, along with the provisional local government settlement, until 21 and 22 December 2020, respectively. This also meant a delay in the announcement of the Welsh Government’s final local

government settlement until 2 March 2021, so the Medium Term Financial Strategy and the budget for 2021-22 is proposed on the basis of the provisional settlement.

- 4.2.9 The Minister for Finance and Trefnydd, announced the Welsh Government's draft budget for 2021-22 on 21 December 2020, in support of their key priorities to **protect, build and change**. Due to the nature of the spending round in November, the budget set by Welsh Government includes one year only revenue and capital spending plans. She stated that the budget included plans to help public services to recover, to support businesses and reach those hardest hit as a result of the pandemic. She also said that the budget "prioritised NHS and social services budgets with the best possible settlement, in difficult financial circumstances, for the local government services we also rely on". The budget also targeted new investment to combat climate change and support jobs and training.
- 4.2.10 The budget includes an additional £420 million for health and social care (including £385 million for core NHS services and an additional £10 million for the Social Care Workforce Grant) to support the NHS's growth and recovery post-pandemic, a further £40 million for the Housing Support Grant, towards the long-term goal of ending homelessness in Wales, and an additional £23.3 million to extend free school meals in school holidays for the entirety of 2021-22. Other measures include funding to support catch up learning, additional funding for the predicted increase in demographic of 16-19 year olds in sixth forms and further education, funding for mental health services and an uplift of £176 million for local government. Welsh Government are also maintaining capital support to local government, to enable them to deliver joint priorities including decarbonisation, housing and economic recovery following Covid-19. To help build a greener future, an extra £40 million will also be provided for modern education infrastructure, including £5 million for a net-zero schools pilot.

### **4.3 Welsh Government Provisional Local Government Settlement 2021-22**

- 4.3.1 Councils received their provisional settlements from Welsh Government on 22 December 2020. The headline figure is an overall increase, after adjusting for transfers, of 3.8%, across Wales and, for Bridgend, an increase of 4.3% in Aggregate External Finance (AEF), or £9.064 million. This includes additional funding of £185,000 towards the full year effect of the teachers' pay award in September 2020. The Minister for Housing and Local Government stated that the settlement provided local authorities with a stable platform for planning their budgets for the forthcoming financial year, and that they would continue to provide funding to support Local Government's response to the pandemic, but that this would be considered separately, outside of the settlement. There are not intended to be any significant changes in the final settlement, which will be announced in March 2021.
- 4.3.2 Whilst the provisional settlement is a significant improvement compared to the -1.5% "most likely" assumption that is contained within the Council's original MTFS for 2021-22, it does not recognise a number of new pressures that the Council will have to meet, and the uncertainties still surrounding Covid-19 and Brexit, so should be viewed with a degree of caution.
- 4.3.3 In February 2020 Council approved a capital programme for 2019-20 to 2029-30, which included the third tranche of the additional £100 million general capital funding allocated across Wales for 2018-19 to 2020-21 (£20 million for 2020-21) and an additional £15 million across Wales to enable local authorities to respond to the urgent need to decarbonise. No assumptions were made about any future commitments of additional capital funding. Council has approved revised versions of the capital programme during

the financial year to incorporate budgets carried forward from 2019-20, slippage into 2021-22, and any new schemes and grant approvals. The provisional local government capital settlement provides this Council with £7.916 million of capital funding for 2021-22, which is £67,000 less than 2020-21 but £1.5 million more than was originally anticipated. This is as a result of Welsh Government continuing to provide an additional £35 million of general capital grant (included in the 2019-20 and 2020-21 budgets) to enable local authorities to respond to the joint priority of decarbonisation, including for housing and economic recovery following Covid-19. No indications have been given for 2022-23 or beyond but it is assumed that the funding will return to the pre 2018-19 levels.

#### **4.4 Settlement Implications for 2022 to 2025**

4.4.1 When the draft Welsh Government budget was announced on 21 December, the Minister for Finance and Trefnydd stated that, following the one-year budget for 2021-22, funding implications for the WG Budget for 2022-23 and beyond will be determined as part of the next UK Spending Review, which is planned for 2021. She also indicated that it is possible that the UK budget on 3 March 2021 may have a considerable bearing on the Welsh Government's finances for 2021-22, through further spending or new taxation measures.

#### **4.5 Transfers into and out of the 2021-22 Revenue Settlement**

4.5.1 The provisional settlement includes information on a small number of transfers into the Revenue Support Grant (RSG), the only one affecting Bridgend being in respect of the Teachers' Pay Grant 2020-21 (£3.981 million across Wales) for the period April 2021 to August 2021.

#### **4.6 Specific Grants**

4.6.1 The picture on changes to specific grants is available at an all Wales level, but not yet at an individual authority level for most grants. While many of the grants remain unchanged from the 2020-21 figure, there are decreases on an all-Wales level in the Sustainable Waste Management grant of around 5.7%, the Childcare Offer grant (18.3%), and the Health and Social Services Transformation Fund has reduced by 20%. However, there are also increases in other grant schemes, including the Social Care Workforce Grant which has increased by an additional £10 million, from £40 million to £50 million, as outlined in the Welsh Government Budget, and support for Minority Ethnic and Gypsy, Roma, Traveller learners. Welsh Government has advised that the specific information will be updated for the final settlement.

4.6.2 In relation to additional funding for Covid-19, the Welsh Government received £766 million in 'consequentials' from the November Spending Review. Some of this funding will go via specific grants to a small number of areas including the funding for free school meals in holidays, funding to support catch up learning in education and to top up the Homeless Prevention Grant.

#### **4.7 Current Year (2020-21) Financial Performance**

4.7.1 The in-year financial position as at 31 December 2020 is shown below.

**Table 1- Comparison of budget against projected outturn at 31 December 2020**

| Directorate/Budget Area                    | Original Budget 2020-21<br>£'000 | Revised Budget 2020-21<br>£'000 | Projected Outturn Q3 2020-21<br>£'000 | Projected Over / (Under) Spend 2020-21<br>£'000 | Projected Over / (Under) Spend Qtr 2 2020-21<br>£'000 |
|--|----------------------------------|---------------------------------|---------------------------------------|---|---|
| <b>Directorate</b>                         |                                  |                                 |                                       |   |   |
| Education and Family Support               | 120,931                          | 123,512                         | 124,839                               | 1,327   | 1,494   |
| Social Services and Wellbeing              | 70,894                           | 73,240                          | 74,052                                | 812   | 420   |
| Communities                                | 27,790                           | 28,379                          | 27,627                                | (752)   | 456   |
| Chief Executive's                          | 18,228                           | 18,773                          | 18,573                                | (200)   | 1,118   |
| <b>Total Directorate Budgets</b>           | <b>237,843</b>                   | <b>243,904</b>                  | <b>245,091</b>                        | <b>1,187</b>                                    | <b>3,488</b>  |
| <b>Council Wide Budgets</b>                |                                  |                                 |                                       |   |   |
| Capital Financing                          | 7,329                            | 7,329                           | 7,129                                 | (200)   | (200)   |
| Levies                                     | 7,459                            | 7,460                           | 7,472                                 | 12  | 11  |
| Apprenticeship Levy                        | 650                              | 650                             | 655                                   | 5   | (14)  |
| Council Tax Reduction Scheme               | 15,254                           | 15,254                          | 15,254                                | 0   | 1   |
| Insurance Premiums                         | 1,438                            | 1,438                           | 1,376                                 | (62)  | (51)  |
| Repairs & Maintenance                      | 870                              | 753                             | 753                                   | 0   | 0   |
| Pension Related Costs                      | 430                              | 430                             | 435                                   | 5   | 0   |
| Other Council Wide Budgets                 | 15,612                           | 9,167                           | 2,230                                 | (6,937)   | (3,266)   |
| <b>Total Council Wide Budgets</b>          | <b>49,042</b>                    | <b>42,481</b>                   | <b>35,304</b>                         | <b>(7,177)</b>                                  | <b>(3,519)</b>  |
| <b>Appropriation to Earmarked Reserves</b> | <b>0</b>                         | <b>500</b>                      | <b>5,799</b>                          | <b>5,299</b>                                    | <b>0</b>  |
| <b>Total</b>                               | <b>286,885</b>                   | <b>286,885</b>                  | <b>286,194</b>                        | <b>(691)</b>                                    | <b>(31)</b>   |

4.7.2 The overall projected position at 31st December 2020 is a net under spend of £691,000, comprising £1.187 million net over spend on directorates and a £7.177 million net under spend on corporate budgets, offset by net appropriation to earmarked reserves of £5.299 million, including £2.5 million to support capital investment. Due to the Covid-19 pandemic, the position during this financial year has been very fluid and relies heavily on securing additional funding from Welsh Government to support cost pressures and loss of income. The directorate position has improved significantly since quarter 2 and it is hoped that it will continue to improve during the remainder of the financial year. The main reasons for the increase in under spend on 'Other Council Wide Budgets' are due to the movement on inflation rates since budget setting (CPI was 1.7% in February 2020 and had reduced to 0.3% by November 2020) and therefore the reduced requirement to allocate budget to service areas in-year (£1.5 million), successful WG COVID-19 claims of £3.4 million since quarter 2 that otherwise would have had to have been met from this budget and additional grant funding being made available from WG to contribute to the increased costs of teachers' pay.

#### **4.8 Medium Term Financial Strategy (MTFS) 2021-22 to 2024-25**

4.8.1 This section of the report sets out the proposed MTFS for the Council for the next four financial years, based on the latest information available from Welsh Government. It does

not include fixed funding, expenditure or activity projections, but sets best, worst and most likely scenarios for the resources that will be available. The MTFs is reviewed regularly and amended as additional information becomes available, with the detail for future years being developed over the period of the strategy.

4.8.2 The development of the MTFs 2021-22 to 2024-25 is led by Cabinet and Corporate Management Board (CMB) and takes into account auditors' views, the recommendations of the Budget Research and Evaluation Panel (BREP), views of scrutiny and issues arising during 2020-21, underpinned by the ongoing aim to embed a culture of medium term financial planning closely aligned with corporate planning.

4.8.3 Implementation of the MTFs will continue to be led by Cabinet and CMB, supported by financial and performance data. Cabinet and CMB will seek to ensure that it is widely understood by internal stakeholders (Members, employees and Unions) and external stakeholders (citizens, businesses and partners).

#### **4.9 MTFs Principles**

4.9.1 As well as consideration of future income and expenditure scenarios, the MTFs provides a set of clear principles which drive the budget and spending decisions over 2021-2025 and which Members and others can examine and judge the Council's financial performance against. The thirteen MTFs principles are:

1. There will be a "One-Council" approach to the Medium Term Financial Strategy with a view on long term, sustainable savings proposals that are focused on re-shaping the Council over the full period of the MTFs.
2. All budget related decisions will align with the principles of the Well-being of Future Generations (Wales) Act 2015.
3. The Council will continue to meet its statutory obligations and demonstrate how it directs resources to meet the Council's corporate priorities. Other resource strategies (including the Treasury Management Strategy and Capital Strategy) are kept under review to maintain alignment with the MTFs and the Corporate Plan.
4. The financial control system is sufficiently robust to support the delivery of financial plans and mitigate corporate risks, with adequate provision being made to meet outstanding and reasonably foreseen liabilities.
5. All services will seek to provide value for money and contribute to public value, and will continuously review budgets to identify efficiency savings.
6. Financial plans will provide an optimum balance between income and expenditure for both capital and revenue, with opportunities for generating additional income taken in line with the Council's Income Generation and Charging Policy.
7. Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFs Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays.

8. Balances are not used to fund recurrent budget pressures or to keep down Council Tax rises unless an equivalent budget reduction or increase in Council Tax is made in the following year in recognition that balances are a one-off resource.
9. The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.
10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.
13. Resources are allocated to deliver transformational projects based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS.

4.9.2 The MTFS Budget Reduction Contingency Reserve referenced in Principle 7 enables the Council to manage delays or unforeseen obstacles to the delivery of significant MTFS budget reduction proposals. No allocations have been made to date from this reserve, but further reviews will be undertaken during the remainder of the financial year, and draw down made accordingly, and the level of this reserve will be kept under review by the Section 151 officer in light of forecast difficulties in delivering specific future budget reduction proposals.

#### **4.10 Council Tax**

4.10.1 The 2021-22 draft Revenue Budget, shown in Table 6 below, assumes a Council tax increase of 3.9%. This is lower than the proposed increase of 4.5% included in the MTFS 2020-21 to 2023-24 in February 2020 due to the better than anticipated provisional settlement and as a consequence of the responses received through the budget consultation. Going forward the scale of the financial challenge remains considerable once external pressures and risks have been taken into consideration so an assumed annual increase of 4.5% has been included for 2022-2025.

#### **4.11 MTFS Resource Envelope**

4.11.1 The published provisional 2021-22 Aggregate External Finance (AEF) figure is an increase of 4.3% for Bridgend. In the MTFS 2020-21 to 2023-24, it was stated that the Council would continue to work towards a most likely scenario in its planning assumptions for 2021-22 of an annual reduction in AEF of -1.5% and an assumed increase in Council tax of 4.5% for 2021-22 to 2023-24, recognising the ongoing uncertainty around our funding in future years following Brexit. Whilst the settlement for next year is significantly better than anticipated, the proposed council tax increase is 3.9% to reflect the number of pressures facing the Council. Going forward, and given the uncertainty and the potential longer term pressures resulting from the impact of the



pandemic, Brexit and demographic increases in 2021-22 onwards, the proposed Council Tax increase for 2021-22 onwards will remain at 4.5%.

4.11.2 The MTFS is regularly reviewed against service performance and external economic and fiscal information to ensure that early action can be taken as necessary to keep it and the Corporate Plan on track. This is particularly important given the uncertainties around Brexit and the fallout from the Covid-19 pandemic, in the coming months and years. In view of these uncertainties, the MTFS has been developed taking into account possible resource envelope scenarios based on revised percentage changes in AEF shown in Table 2. These were previously set at:

Best scenario: -1.0%  
 Most likely scenario: -1.5%  
 Worst scenario: -3.0%

4.11.3 They have been revised for the MTFS 2021-25 to take into account the actual funding levels received over recent years, the worst of which was -0.1% in 2019-20, but will continue to be monitored and will be amended as further fiscal and economic information is made known.

**Table 2 – MTFS Scenarios: % Change in AEF**

|                             | <b>2021-22</b><br>%<br><b>Change</b> | <b>2022-23</b><br>%<br><b>Change</b> | <b>2023-24</b><br>%<br><b>Change</b> | <b>2024-25</b><br>%<br><b>Change</b> |
|-----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Best Scenario               | +4.3%                                | +1.0%                                | +1.0%                                | +1.0%                                |
| <b>Most Likely Scenario</b> | <b>+4.3%</b>                         | <b>0%</b>                            | <b>0%</b>                            | <b>0%</b>                            |
| Worst Scenario              | +4.3%                                | -1.0%                                | -1.0%                                | -1.0%                                |

4.11.4 Table 3 shows the Council's potential net budget reduction requirement based on the forecast resource envelope, inescapable spending assumptions and assumed Council Tax increases.

**Table 3: MTFS Potential Net Budget Reductions Requirement**

|                             | <b>2021-22</b><br>£'000 | <b>2022-23</b><br>£'000 | <b>2023-24</b><br>£'000 | <b>2024-25</b><br>£'000 | <b>Total</b><br>£'000 |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>Best Scenario</b>        | 1,760                   | 4,837                   | 4,637                   | 4,431                   | <b>15,665</b>         |
| <b>Most Likely Scenario</b> | 1,760                   | 6,959                   | 6,780                   | 6,596                   | <b>22,095</b>         |
| <b>Worst Scenario</b>       | 1,760                   | 9,081                   | 8,881                   | 8,676                   | <b>28,398</b>         |

## 4.12 Managing within the MTFS Resource Envelope

4.12.1 The financial forecast for 2021-2025 is predicated on £22.095 million budget reductions being met from Directorate and Corporate budgets and these are referred to later in the report. It is also predicated on a number of spending assumptions, including:

- Projections for demographic changes, including an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care.

- Inflationary uplifts to support specific contractual commitments including increases in energy costs. However, this is particularly uncertain at present, despite current inflation rates being low, and a risk to the Council, following the UK's departure from the European Union. The potential impact on delays in imports to the UK, and on the supply chain, could lead to higher prices faced by the Council for its goods and services.
- The future impact of national policies and new legislation which may not be accompanied by commensurate funding, such as the Welsh Government's commitment to eradicate homelessness and the implications of the Local Government and Elections (Wales) Bill.
- Fees and Charges will increase by the statutory minimum or CPI (+0.3% at November 2020) plus 1%.
- Potential increases in staffing costs, including a confirmed 2.2% increase in the national living wage from April 2021 (from £8.72 to £8.91), along with the impact of staff pay increases in 2021-22. These include the full year effect of the teachers' pay increase of September 2020 (minimum 2.75%, overall increase 3.1%), the unknown teachers' pay increase in September 2021 and potential increases for non-teachers in April 2021 following the increase of 2.75% in 2020-21. During the Spending Review in November 2020 the Chancellor indicated that pay rises in most of the public sector, excluding the NHS, would be paused next year, but those who earn less than £24,000 will be guaranteed a pay rise of at least £250. However, this has been challenged by unions and could change. Therefore any increases higher than anticipated would significantly increase the overall pay bill, and the amount we pay in respect of external contracts.

#### **4.13 Net Budget Reduction Requirement**

4.13.1 Table 4 shows the current position in respect of addressing the most likely forecast budget reduction requirement of £22.095 million. It shows that £5.584 million of budget reduction proposals have already been identified over the period of the MTFs, including the full £1.760 million required for 2021-22. The table shows that the Council still needs to develop proposals to the value of £16.5 million and a range of options are under consideration including:

- Digital transformation of wider Council services
- Income generation opportunities
- Further reductions in employee numbers
- Working with partners to asset transfer and protect community facilities

**Table 4 - Risk Status of Budget Reduction Proposals 2021-22 to 2024-25**

| Year                         | GREEN:<br>Proposal developed and deliverable | AMBER:<br>Proposal in development but includes delivery risk | RED:<br>Proposals not fully developed and include high delivery risk | Budget reductions Identified so far | Budget reductions not yet developed | Total Required |
|------------------------------|--|--|--|-------------------------------------|-------------------------------------|----------------|
|                              | £'000  | £'000  | £'000  | £'000                               | £'000                               | £'000          |
| 2021-22                      | 698  | 664  | 398  | 1,760                               | 0                                   | 1,760          |
| 2022-23                      | 0  | 1,123  | 316  | 1,439                               | 5,520                               | 6,959          |
| 2023-24                      | 0  | 1,092  | 279  | 1,371                               | 5,409                               | 6,780          |
| 2024-25                      | 0  | 1014   | 0  | 1,014                               | 5,582                               | 6,596          |
| <b>Total</b>                 | <b>698</b>                                   | <b>3,893</b>   | <b>993</b>   | <b>5,584</b>                        | <b>16,511</b>                       | <b>22,095</b>  |
| Percentage of total required | 3%   | 18%  | 4%   | 25%                                 | 75%                                 | 100%           |

4.13.2 Table 4 illustrates the difficult position that the Council finds itself in financially over the life of the MTFs. For 2022-23 only £1.439 million (21%) of savings have been identified, the majority of which relates to school delegated budgets, which leaves the Council at risk of not balancing the budget. This will depend on the level of settlement that the Council receives and the total budget reductions required to balance the budget. If the Council receives a similar settlement to that proposed for 2021-22 then the position will not be as stark, but there are a number of uncertainties going forward which do not allow us to plan on this basis. Consequently we will continue to identify options to close the gap during the remainder of the financial year and into 2021-22, at the same time seeking additional funding from Welsh Government, particularly for new responsibilities.

4.13.3 The budget reduction proposals identified can be categorised as:

- i. Smarter Use of Resources;
- ii. Managed Service Reductions;
- iii. Collaboration and Service Transformation; and
- iv. Policy Changes.

4.13.4 The value of budget reduction proposals identified to date is shown in Table 5 by category. The categories are also shown by individual proposal in Appendix B.

**Table 5 – Budget Reduction Proposals Identified 2021-22 to 2024-25**

|   | 2021-22<br>£'000 | 2022-23<br>£'000 | 2023-24<br>£'000 | 2024-25<br>£'000 | Total<br>£'000 | %           |
|---|------------------|------------------|------------------|------------------|----------------|-------------|
| <b>Smarter Use of Resources</b>                   | 919              | 1,123            | 1,092            | 1,014            | 4,148          | 74%         |
| <b>Managed Service Reductions</b>                 | 431              | 316              | 279              | 0                | 1,026          | 18%         |
| <b>Collaboration &amp; Service Transformation</b> | 300              | 0                | 0                | 0                | 300            | 5%          |
| <b>Policy Changes</b>                             | 110              | 0                | 0                | 0                | 110            | 2%          |
| <b>Total Identified</b>                           | <b>1,760</b>     | <b>1,439</b>     | <b>1,371</b>     | <b>1,014</b>     | <b>5,584</b>   | <b>100%</b> |

- 4.13.5 The table shows that almost three quarters of the proposed budget reductions identified so far will come from Smarter Use of Resources, for example through:
- Upfront capital investment, to generate revenue savings;
  - Smarter use of our assets and energy efficiencies;
  - Reviews of staffing structures;
  - Working with partners to protect sustainable community facilities.
- 4.13.6 Budget reduction proposals relating to Collaboration and Service Transformation amount to 5% of the total budget reductions. Policy changes amount to 2% and include reducing services to the statutory minimum as well as cutting some discretionary services. The policy change proposals are subject to consultation.
- 4.13.7 All of the proposals have implications for the Council workforce given that around two thirds of the Council's net revenue budget relates to pay costs. It follows that annual real terms' reductions in Council budgets over the next four years will lead to a reduced workforce over the MTFS period. The intention is to manage such a reduction through the continuation of strong vacancy management, redeployment, early retirements and voluntary redundancies, but some compulsory redundancies will continue to be considered and could be necessary.

#### **4.14 Scrutiny and Challenge**

- 4.14.1 A full consultation "Fit for the Future" was launched on 19 October 2020 and ran until 13 December 2020. The consultation was different in format to previous years and asked citizens to share their views on how they think the Council should shape its services going forward, as part of its 'Restart, Recover and Renew' strategy, in response to the Covid-19 pandemic. The intention was to understand how the public felt that the Council could look like and how it could deliver sustainable and effective services for the next 5 to 10 years. The consultation included an online survey, a social media / web campaign and direct marketing to target audiences. The results will be collated and presented to Cabinet on 19 January 2021 in order to further inform decisions on the MTFS.

#### **4.15 2021-22 Draft Revenue Budget**

- 4.15.1 The following table shows the draft revenue budget for 2021-22.

**Table 6 – Draft Revenue Budget 2021-22**

|  | Revised Budget 2020-21 | Pay / Prices | Budget Pressures | Budget Reduction Proposals | Revenue Budget 2021-22 |
|--|------------------------|--------------|------------------|----------------------------|------------------------|
|  | £000                   | £000         | £000             | £000                       | £000                   |
| <b>Service Directorate Budgets:</b>    |                        |              |                  |                            |                        |
| Central Education & Family Support     | 21,754                 | 79           | 1,860            | -226                       | 23,467                 |
| Schools                                | 101,414                | 1,019        | 1,045            | 0                          | 103,478                |
| <b>Education and Family Support</b>    | <b>123,168</b>         | <b>1,098</b> | <b>2,905</b>     | <b>-226</b>                | <b>126,945</b>         |
| <b>Social Services &amp; Wellbeing</b> | <b>73,239</b>          |              | 1,119            | -315                       | <b>74,043</b>          |
| <b>Communities</b>                     | <b>28,579</b>          |              | 381              | -823                       | <b>28,137</b>          |
| <b>Chief Executives</b>                | <b>18,660</b>          |              | 2,774            | -201                       | <b>21,233</b>          |
| <b>Total Directorate Budgets</b>       | <b>243,646</b>         | <b>1,098</b> | <b>7,179</b>     | <b>-1,565</b>              | <b>250,358</b>         |
| <b>Council Wide Budgets:</b>           |                        |              |                  |                            |                        |
| Capital Financing                      | 7,329                  |              |                  |                            | 7,329                  |
| Levies                                 | 7,460                  |              | 323              |                            | 7,783                  |
| Repairs and Maintenance                | 790                    |              |                  | -120                       | 670                    |
| Council Tax Reduction Scheme           | 15,254                 | 400          |                  |                            | 15,654                 |
| Apprenticeship Levy                    | 650                    |              |                  |                            | 650                    |
| Pension Related Costs                  | 430                    |              |                  |                            | 430                    |
| Insurance Premiums                     | 1,438                  |              |                  | -75                        | 1,363                  |
| Other Council Wide Budgets             | 9,888                  | 4,831        |                  |                            | 14,719                 |
| <b>Total Council Wide Budgets</b>      | <b>43,239</b>          | <b>5,231</b> | <b>323</b>       | <b>-195</b>                | <b>48,598</b>          |
| <b>Net Budget Requirement</b>          | <b>286,885</b>         | <b>6,329</b> | <b>7,502</b>     | <b>-1,760</b>              | <b>298,956</b>         |

## 4.16 Council Tax Implications

4.16.1 Based on the proposed budget of £298.956 million, the Council Tax increase for 2021-22 will be 3.9%. This is lower than the 4.5% proposed in the budget consultation and reflects the views of the majority of respondents who were in favour of only increasing council tax slightly or up to 4.5% in order to protect the most important services. It also takes into account the better than anticipated settlement, but is mindful of the ongoing pressures still facing the Council.

## 4.17 Pay, Prices and Demographics

4.17.1 The National Joint Council (NJC) negotiating body had formulated three options (ranging from 5%, or £10 per hour, to 10%) for the 'headline' pay claim for NJC workers (which covers the majority of non-teaching local government workers) for 2021-22. The intention was for the trade union side (Unison, GMB and Unite) to agree a claim for submission to the Local Government Association early in 2021. This was announced prior to the outcome of the Comprehensive Spending Review in November where the Chancellor indicated that pay rises for the majority of public sector workers would be paused next year, but those earning under £24,000 would be guaranteed a pay rise of at least £250. The Welsh Local Government Association (WLGA) Leader has made representations to

the Chancellor, expressing his concerns about this, and the likely position is still unclear. Provision has been set aside for a potential pay award, but the value of this, and therefore the call on the budget, is very much unknown at this stage, and may not be known until during the 2021-22 financial year.

- 4.17.2 In addition, whilst the teachers' pay award has been agreed for the 2020-21 academic year, up until the end of August 2021, there will be additional pressure from any subsequent pay award to be implemented from September 2021.
- 4.17.3 Funding for price inflation has been allocated to service budgets, where known, but the majority, including provision for increases in rents, allowances and contractual commitments are still largely unknown and will be held centrally. A further review of allocations will be undertaken before the final budget is agreed and any necessary amendments made. Welsh Government has already announced that there will be no increase in the business rates multiplier for next year.
- 4.17.4 The remaining inflationary provision will be retained centrally and allocated during the year as any unknown or unforeseen contract price inflation is agreed, in particular where the index is set after the Council's budget is approved.
- 4.17.5 In addition to increases in pupil numbers in schools in recent years, which puts pressure on school delegated budgets, there is also evidence of an increase in the older persons' population. Over the last 6 years the average population increase has been around 1.8%, resulting in increased pressure on a number of service areas, including residential care, home care and the assessment and care management teams.

#### **4.18 School Delegated Budgets**

- 4.18.1 In 2020-21 school budgets were again protected from the proposed 1% annual efficiency target. However, the forecast pressure and uncertainty around Council budgets for future years was deemed to be such that it was felt to be almost impossible not to include the 1% efficiency target in proposals for 2021-22 onwards, given that school budgets account for around a third of net revenue expenditure. However, following receipt of the better than anticipated 2021-22 provisional settlement from Welsh Government, the reducing balances that schools are experiencing and the additional costs they have incurred during the pandemic, school budgets have again been protected from the 1% efficiency target in 2021-22.
- 4.18.2 There are a significant number of pressures on school delegated budgets for 2021-22 and beyond, not least the full year cost of the teachers' pay award, increases in pupil numbers and pressures of funding additional learning needs. This includes the establishment of new provisions and support for pupils with complex medical needs, moderate learning difficulties and for those with autistic spectrum disorders, both through the medium of Welsh and English. The total impact of these pressures is around £2.06 million, and these are included in the proposed budget.
- 4.18.3 It should be noted that the efficiency target is maintained for 2022-23 and beyond, in recognition of the pressures stated above, uncertainty around future budget settlements and mounting external pressures across Council services.

## **4.19 Budget Pressures**

4.19.1 During 2020-21 a number of unavoidable service budget pressures have arisen for 2021-22 and future years, and they are detailed in Appendix A. The total of the budget pressures identified for 2021-22 is £7.502 million, but there are already additional pressures identified for future years, of at least a further £7 million. A number of these are linked to the Covid-19 pandemic and will be recurrent pressures as we move into the “renew” phase. A number of the figures are provisional at this stage and will be refined as further information becomes available. As such they may change between draft and final budget.

4.19.2 Some of the more significant pressures include:

- Provision of a range of support for pupils with additional learning needs in mainstream and special schools, through the medium of Welsh and English.
- Demographic growth, both pupil numbers in schools and increases in the older persons’ population, which place additional pressures on school budgets and adult social services.
- Increased costs of Direct Payments as more families choose to arrange and pay for their care services themselves, rather than through the Council.
- Responding to and providing support for homeless individuals, and eradicating rough sleeping, on a longer term basis.

4.19.3 In addition, a number of other pressures, particularly in the communities directorate, have been funded from earmarked reserves, where one-off expenditure, or via the annual £2 million public realm fund. This includes funding for highways clearance, rights of way maintenance and additional crematorium costs as a result of the pandemic.

## **4.20 Budget Reduction Proposals**

4.20.1 Budget reduction proposals of £1.760 million for 2021-22 have been identified from service and corporate budgets to achieve a balanced budget, detailed in Appendix B.

## **4.21 Council Wide Budgets**

4.21.1 Council Wide budgets include funding for the Council Tax Reduction Scheme, costs of financing capital expenditure, levies, centrally held pay and prices provisions, insurance budgets, discretionary rate relief and provision for redundancy related costs. A number of these budgets are fixed and unavoidable, and therefore cannot be reduced without putting the Council at risk. The higher than anticipated pay awards in recent years and unprecedented amount of budget pressures has put also additional pressure on these budgets.

## **4.22 Fees and Charges**

4.22.1 Generally, income from fees and charges will be increased by CPI (+0.3% at November 2020) plus 1%, subject to rounding, or in line with statutory or service requirements. Schedules of fees and charges will be reported separately, as usual, under Delegated Powers.

## 4.23 Council Reserves

4.23.1 In line with the MTFS principle 8, the Council Fund will normally be maintained at a level of 5% of the Council's net budget, excluding schools. Details of the Council's earmarked reserves position at 31 December 2020 are shown in Table 7. These are kept under review, and will be drawn down where required, and the position will be updated in the Final MTFS report to Council in February 2021.

**Table 7 – Earmarked Reserves**

| Opening Balance<br>01-Apr-20 | Reserve   | Net Additions/Re classification | Draw-down  | Unwound    | Closing Balance<br>31-Dec-20 |
|------------------------------|---|---------------------------------|------------|------------|------------------------------|
| £'000                        |   | £'000                           | £'000      | £'000      | £'000                        |
|                              | <b>Corporate Reserves:</b>                          |                                 |            |            |                              |
| (9,555)                      | Education & Family Support                          | (661)                           | 50         | -          | (10,166)                     |
| (410)                        | Social Services & Wellbeing                         | (42)                            | 54         | -          | (398)                        |
| (11,289)                     | Communities   | (689)                           | 55         | 40         | (11,883)                     |
| (8,031)                      | Chief Executives                                    | (2,200)                         | 350        | -          | (9,881)                      |
| (14,004)                     | Non-Directorate                                     | (258)                           | -          | -          | (14,262)                     |
| <b>(43,289)</b>              | <b>Total Corporate Reserves</b>                     | <b>(3,850)</b>                  | <b>509</b> | <b>40</b>  | <b>(46,590)</b>              |
|                              | <b>Directorate Earmarked Reserves:</b>              |                                 |            |            |                              |
| (289)                        | Education & Family Support                          | -                               | -          | 50         | (239)                        |
| (2,027)                      | Social Services & Wellbeing                         | (291)                           | 122        | 350        | (1,846)                      |
| (4,991)                      | Communities   | (1,291)                         | -          | 62         | (6,220)                      |
| (824)                        | Chief Executives                                    | (883)                           | 167        | -          | (1,540)                      |
| <b>(8,131)</b>               | <b>Total Directorate Reserves</b>                   | <b>(2,465)</b>                  | <b>289</b> | <b>462</b> | <b>(9,845)</b>               |
|                              | <b>Equalisation &amp; Grant Earmarked Reserves:</b> |                                 |            |            |                              |
| (961)                        | Education & Family Support                          | -                               | 143        | -          | (818)                        |
| (65)                         | Social Services & Wellbeing                         | -                               | 5          | -          | (60)                         |
| (1,902)                      | Communities   | -                               | -          | 14         | (1,888)                      |
| (767)                        | Chief Executives                                    | -                               | 27         | -          | (740)                        |
| <b>(3,695)</b>               | <b>Total Equalisation Reserves</b>                  | <b>-</b>                        | <b>175</b> | <b>14</b>  | <b>(3,506)</b>               |
|                              |   |                                 |            |            |                              |
| <b>(108)</b>                 | <b>School Balances</b>                              | <b>-</b>                        | <b>-</b>   | <b>-</b>   | <b>(108)</b>                 |
|                              |   |                                 |            |            |                              |
| <b>(55,223)</b>              | <b>Total Reserves</b>                               | <b>(6,315)</b>                  | <b>973</b> | <b>516</b> | <b>(60,049)</b>              |

## 4.24 Capital Programme and Capital Financing Strategy

4.24.1 This section of the report deals with the proposed Capital Programme for 2020-21 to 2030-31, which forms part of, but extends beyond the MTFS. It has been developed in line with the MTFS principles and reflects the Welsh Government draft capital settlement for 2021-22, which provides General Capital Funding (GCF) for the Council for 2021-22 of £7.916 million of which £3.953 million is un-hypothecated supported borrowing and the remainder £3.963 million is provided through general capital grant. Welsh Government has also informed local authorities that the £20 million public highways refurbishment grant, that was due to end in March 2021, will be extended for a further year.



- 4.24.2 The original budget approved by Council on 26 February 2020 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2019-20, slippage into 2021-22 and any new schemes and grant approvals. A review has also been undertaken of the capital resources available to the Council, along with the capital pressures that it faces. Due to the limited capital resource available, following a number of years of significant investment in the Council's infrastructure, service managers have not been asked to submit capital bids for funding at this stage.
- 4.24.3 Following the approval by Council of the Capital Strategy in February each year, and the subsequent quarterly monitoring reports to Cabinet and Council, any amendments to the capital programme are usually dealt with during the year rather than just as part of the MTFS.
- 4.24.4 The capital programme contains a number of annual allocations that are met from the total general capital funding for the Council. The allocations for 2020-21 are shown in Table 8 below, along with the proposed allocations for 2021-22:

**Table 8 – 2020-21 and 2021-22 Annual Allocations of Capital Funding**

|   | <b>Actual<br/>2020-21<br/>£'000</b> | <b>Proposed<br/>2021-22<br/>£'000</b> |
|---|-------------------------------------|---------------------------------------|
| Highways Structural Works                           | 200                                 | 340                                   |
| Carriageway Capital Works                           | 250                                 | 250                                   |
| Disabled Facilities Grant                           | 1,950                               | 1,950                                 |
| Housing Renewal / Empty Property Schemes            | 100                                 | 100                                   |
| Special Regeneration Funding                        | 540                                 | 0                                     |
| Minor Works   | 1,130                               | 1,130                                 |
| Community Projects                                  | 50                                  | 50                                    |
| Corporate Capital Fund (Renewals / Match Funding)   | 200                                 | 200                                   |
| Street lighting / Bridge infrastructure replacement | 400                                 | 400                                   |
| ICT equipment replacement                           | 0                                   | 400                                   |
| <b>Total</b>  | <b>4,820</b>                        | <b>4,820</b>                          |

- 4.24.5 In December 2014, Council agreed to extend the annual allocation for Special Regeneration Funding until 2020-21 to provide match funding for regeneration schemes under the Welsh Government's Structural Funding Programme 2014-20. This provided flexibility in the Capital Programme to enable the Council to take advantage of and maximise external funding opportunities, mitigate funding shortfalls which can occur between grant bid and offers stages and provide some contingency for additional spending pressures on regeneration projects. This has been considered in the light of Brexit and future funding opportunities and there is also an earmarked reserve set aside for once the SRF has been exhausted to provide an element of match funding for future schemes. Consequently it is proposed to continue to remove this ring-fenced allocation for future years, with all bids for funding following the same process as outlined in the Capital Strategy.

- 4.24.6 Since the Covid-19 pandemic, a large proportion of the Council's staff have been working from home, and the Council has had to invest in significant amounts of ICT equipment, including laptops, supporting infrastructure, and other hardware and software. Whilst 50% of the funding has been met by Welsh Government, the Council has had to fund the balance, which has exhausted all existing capital ICT budgets. Funding is required on an annual basis to meet the costs of replacing warranty expired ICT equipment, and based on previous cohorts of laptops (pre Covid-19) it is known that the annual cost to replace will be in the region of £300,000 - £400,000. This will increase once the Covid-19 laptops become warranty expired.
- 4.24.7 It is therefore recommended that £400,000 of the unwound SRF funding be re-allocated towards ICT equipment replacement to enable the Council to replace and renew ICT on a timely basis. The balance would be used to supplement the funding for highways capital repairs, which could alleviate pressure on the highways revenue budget. An updated capital programme, incorporating these changes, will be included in the final MTFS in February 2021.

#### **4.25 Capital Receipts**

- 4.25.1 The Council originally estimated that around £21 million could be generated as part of the enhanced disposals programme which commenced in 2014. The final sale of this programme completed on 2 December 2020 bringing in a capital receipt of £2.56 million. This has brought the total receipts for the enhanced disposal programme to £21.36 million. In addition to this, there is an additional £176,000 held in escrow, part of which may also be released to the Council. Of the total sum received, around £9 million relates to school buildings and land vacated through the 21st Century Schools Programme, to be used as match funding for the programme. It excludes any receipts anticipated from the sale of Waterton or Porthcawl Regeneration sites which will be the focus of the disposal programme in the future. Receipts are subject to the exchange of contracts, so it is prudent not to commit them until we have a contractual agreement.

#### **4.26 Prudential (Unsupported) Borrowing**

- 4.26.1 Total Prudential Borrowing taken out as at 1 April 2020 was £44.563 million, of which £26.413 million was outstanding. It is estimated that the total borrowed will increase to £47.136 million by the end of this financial year.
- 4.26.2 Future prudential borrowing could include an estimated £2.3 million towards the costs of the 21<sup>st</sup> Century Schools Band B Programme.

#### **5.0 Effect upon policy framework & procedure rules**

- 5.1 The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.

#### **6.0 Equality Impact Assessment**

- 6.1 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.

6.2 An Equality Impact Assessment will be carried out and included within the Final MTFS in February 2021.

## 7.0 Well-being of Future Generations (Wales) Act 2015 implications

7.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's three well-being objectives:

1. Supporting a successful sustainable economy
2. Helping people and communities to be more healthy and resilient
3. Smarter use of resources

The well-being objectives are designed to complement each other and be part of an integrated way of working to improve wellbeing for people in Bridgend County. In developing the MTFS, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.

7.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the wellbeing goals in different ways. A Wellbeing of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.

7.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

| <b>5 Ways of Working</b> | <b>Examples</b>  |
|--------------------------|--|
| Long Term                | <ul style="list-style-type: none"> <li>• Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.</li> <li>• Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort.</li> <li>• The development of a Capital Strategy and 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing.</li> <li>• Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.</li> </ul> |
| Prevention               | <ul style="list-style-type: none"> <li>• Investment in preventative measures to reduce the burden on more costly statutory services.</li> </ul>  |
| Collaboration            | <ul style="list-style-type: none"> <li>• Savings generated from collaboration and integrated working.</li> </ul>   |

|             |  |
|-------------|--|
| Integration | <ul style="list-style-type: none"> <li>• Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy</li> </ul> |
| Involvement | <ul style="list-style-type: none"> <li>• A robust budget consultation exercise, including surveys, community engagement stands and social media debates, to inform proposals.</li> </ul>     |

7.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, including the seven wellbeing goals included in Bridgend's Well-being Plan, and this is reflected in the relevant appendices. Where possible, the Council has aimed to protect front line services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at Appendix C.

## 8.0 Financial implications

8.1 This report outlines the financial issues that Council is requested to consider as part of the 2021-22 to 2024-25 MTFS. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The current and future anticipated level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, both generally for local government into the medium term with recent one-year settlements, and specifically any ongoing funding to support the additional cost pressures and loss of income into the next and future years as a result of Covid-19, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFS Principle 9, as set out in the MTFS, and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.

8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by s114 of the Local Government Act 1988. Members should note that there is currently sufficient resource to discharge this role.

8.3 The proposed budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparation. Subject to the risks identified the proposed MTFS provides a firm basis for managing the Council's resources for the year 2021-22 and beyond.

## 9.0 Recommendations

9.1 To consider the information contained in the report and attached appendices;

9.2 Determine whether to make any comments or recommendations for consolidation and inclusion in the report to Cabinet on the draft budget proposals as part of the budget consultation process.

**Gill Lewis**  
**Interim Chief Officer – Finance, Performance and Change (Section 151 Officer)**  
**January 2021**

**Contact Officer:** **Deborah Exton**  
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**Background documents:** Individual Directorate Monitoring Reports  
MTFS Report to Council – 26 February 2020  
Provisional Local Government Revenue and Capital Settlements  
2021-22

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## BUDGET PRESSURES 2021-22 TO 2024-25

| Ref  | Directorate                  | Well-being Objective  | Pressure   | 2021-22           |                 | 2022-23           | 2023-24           | 2024-25           |
|------|------------------------------|---|--|-------------------|-----------------|-------------------|-------------------|-------------------|
|      |                              |   |  | Recurring<br>£000 | One-Off<br>£000 | Recurring<br>£000 | Recurring<br>£000 | Recurring<br>£000 |
| EFS1 | Education and Family Support | Helping People and Communities to be more Healthy and Resilient | Increased demand on Complex Medical 1:1 support provided at Primary and Secondary Schools.   | 150               |                 |                   |                   |                   |
| EFS2 | Education and Family Support | Helping People and Communities to be more Healthy and Resilient | Other Local Authority recoupment income shortfall due to increased demand from Bridgend pupils to attend Heronsbridge and Ysgol Bryn Castell.  | 500               |                 |                   |                   |                   |
| EFS3 | Education and Family Support | Supporting a Successful Sustainable Economy                     | Revenue implications for supporting the School Modernisation Programme (Mutual Investment Model).  |                   |                 |                   | 500               |                   |
| EFS4 | Education and Family Support | Helping People and Communities to be more Healthy and Resilient | Provision of an Moderate Learning Difficulties class to cater for Key Stage 2 children accessing education through the medium of Welsh.  | 60                |                 |                   |                   |                   |
| EFS5 | Education and Family Support | Helping People and Communities to be more Healthy and Resilient | Additional Primary Autistic Spectrum Disorder (ASD) Learning Resource Centre / class to cater for Key Stage 2 children.  | 82                |                 |                   |                   |                   |
| EFS6 | Education and Family Support | Supporting a Successful Sustainable Economy                     | Projected increase in pupil numbers - demographic growth and Local Development Plan impact.  | 903               |                 | 1,203             | 1,101             | 296               |
| EFS7 | Education and Family Support | Core Services and Statutory Functions                           | Increased costs of home to school transport related to additional vehicles of all types, as well as the requirement in particular to provide more taxis and minibuses for those pupils with additional learning needs. This includes the provision of specialist and independent transport for those with more complex additional needs. This will be a <b>one-off</b> pressure whilst a review is undertaken. |                   | 1,210           |                   |                   |                   |
| SSW1 | Social Services & Wellbeing  | Helping People and Communities to be more Healthy and Resilient | Appointment of Habilitation Officer to support habilitation and rehabilitation of children in Bridgend County Borough. There are 90+ children in Bridgend identified as having vision loss including pre-school and complex needs children. The State of the Nation report recommends that there should be 1 x Habilitation or Rehabilitation worker per 100 children.   | 50                |                 |                   |                   |                   |
| SSW2 | Social Services & Wellbeing  | Smarter Use of Resources  | Increase in number of families accessing Direct Payments, along with increase in complexity of cases across all areas, including Children's Services.  | 479               |                 |                   |                   |                   |
| SSW3 | Social Services & Wellbeing  | Helping People and Communities to be more Healthy and Resilient | Implications of National Living Wage uplifts on commissioned contracts within Social Services and Wellbeing based on confirmed 2.2% increase.  | 429               |                 | 987               | 973               | 959               |
| SSW4 | Social Services & Wellbeing  | Helping People and Communities to be more Healthy and Resilient | Increase in the Older Persons population and corresponding increase in pressure on services. It is estimated that the older person population will increase by 1.63% in 2021, and for future years the average of the population increases over the last 6 years, being 1.77%, has been used.  | 161               |                 | 355               | 361               | 367               |
| COM1 | Communities                  | Supporting a Successful Sustainable Economy                     | Funding to mitigate the Welsh Government reduction in Sustainable Waste Management Grant, to support recycling initiatives.  | 41                |                 |                   |                   |                   |

| Ref                           | Directorate      | Well-being Objective  | Pressure   | 2021-22           |                 | 2022-23           | 2023-24           | 2024-25           |
|-------------------------------|------------------|---|--|-------------------|-----------------|-------------------|-------------------|-------------------|
|                               |                  |   |  | Recurring<br>£000 | One-Off<br>£000 | Recurring<br>£000 | Recurring<br>£000 | Recurring<br>£000 |
| COM2                          | Communities      | Supporting a Successful Sustainable Economy                     | Additional Highway Inspector - increased highway safety inspections and condition assessments of Highway network following All Wales Code of Practice review, including inspections of highway drainage assets to assist in flood management.                    | 40                |                 |                   |                   |                   |
| COM3                          | Communities      | Core Services and Statutory Functions                           | MREC - agreement with Neath Port Talbot Council on price per tonne finalised in 2019-20. This pressure represents the shortfall against historic savings targets until 2030 or a regional facility comes on line.  | 300               |                 |                   |                   |                   |
| CEX1                          | Chief Executives | Supporting a Successful Sustainable Economy                     | Increase to Corporate Apprenticeship budget due to level of demand from initial applications to recruit to hard to fill posts and build skill and capacity in key priority service areas.  | 100               |                 |                   |                   |                   |
| CEX2                          | Chief Executives | Helping People and Communities to be more Healthy and Resilient | WG commitment to eradicate rough sleeping as part of the Covid-19 pandemic - the focus is to provide support for homeless individuals providing them with accommodation.   | 2,192             |                 |                   |                   |                   |
| CEX3                          | Chief Executives | Core Services and Statutory Functions                           | New Policy Officer post to lead on corporate policy development and respond to and take forward key actions that require research, analysis and development into meaningful policy proposals.  | 64                |                 |                   |                   |                   |
| CEX4                          | Chief Executives | Smarter Use of Resources  | Increased costs in relation to ICT Digital Strategy Licences, in particular migration to Cloud based delivery model to support faster and more secure ICT services.  | 418               |                 |                   |                   |                   |
| CW1                           | Council Wide     | Core Services and Statutory Functions                           | Increase in levy in respect of Glamorgan Archives, as a result of a reduction in income and increase in non domestic rates and maintenance   | 15                |                 |                   |                   |                   |
| CW2                           | Council Wide     | Core Services and Statutory Functions                           | Increase in Fire Service Precept to cover pay, price and demographic increases. The final budget is subject to approval by the Fire and Rescue Authority at its budget meeting in February 2021 so the final increase may change between draft and final budget. | 308               |                 |                   |                   |                   |
| <b>Total Budget Pressures</b> |                  |   |  | <b>6,292</b>      | <b>1,210</b>    | <b>2,544</b>      | <b>2,935</b>      | <b>1,623</b>      |
|                               |                  |   |  | <b>7,502</b>      |                 |                   |                   |                   |



Budget Reduction Proposals 2021-22 to 2024-25

| Ref.<br>Page | Links to 7 Wellbeing Goals | Well-being Objective | Categories | Budget Reduction Proposal | Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act | Budget 2020-21 £'000 | Total Budget Reduction 2021-2025 as % of 2020-21 Budget | 2020-21 Budget Reductions £'000 | Proposed 2021-22 £'000 | Indicative 2022-23 £'000 | Indicative 2023-24 £'000 | Indicative 2024-25 £'000 |
|--------------|----------------------------|----------------------|------------|---------------------------|--|----------------------|---|---------------------------------|------------------------|--------------------------|--------------------------|--------------------------|
|--------------|----------------------------|----------------------|------------|---------------------------|--|----------------------|---|---------------------------------|------------------------|--------------------------|--------------------------|--------------------------|

**WELL-BEING OBJECTIVE**

- IP1 - Supporting a successful sustainable economy
- IP2 - Helping people and communities to be more healthy and resilient
- IP3 - Smarter use of resources
- NONPTY - Core services & statutory functions

**CATEGORIES**

- SUR- Smarter Use of Resources
- MSR- Managed Service Reductions
- CST - Collaboration and Transformation
- PC - Policy Changes

**RAG STATUS KEY**

- RED** Proposals not fully developed and include high delivery risk
- AMBER** Proposal in development but includes delivery risk
- GREEN** Proposal developed and deliverable

**EDUCATION & FAMILY SUPPORT**

**CENTRAL EDUCATION & FAMILY SUPPORT**

|   |                    |     |     |  |  |       |      |     |            |            |           |          |
|---|--------------------|-----|-----|--|--|-------|------|-----|------------|------------|-----------|----------|
| EFS1                                      | A more equal Wales | IP2 | PC  | Phased implementation of Learner Transport Policy regarding statutory distances for free travel  | <ul style="list-style-type: none"> <li>Savings should occur naturally as a result of the policy application year on year, however dispersed learners and contractual pressure from operators as routes become more untenable may mean it becomes increasingly difficult to find the identified savings.</li> <li>Risk of price increases from Contractors.</li> </ul>  | 5,856 | 1%   | 75  | 75         |            |           |          |
| EFS2                                      | A more equal Wales | IP2 | PC  | Home to School Transport - removal of Escorts on primary school service with fewer than 8 pupils   | Driver only supervision of pupils on school transport. The most vulnerable pupils may not be supported with concerns around behaviour/pupil safety. Parent groups, learners and contractor all likely to be opposed to change. Negative media coverage likely. Reputational risk to local authority. Health & Safety risk likely to increase and will need to be mitigated in other ways.  | 5,856 | 1%   |     | 35         |            |           |          |
| EFS3                                      | A more equal Wales | IP2 | MSR | Reduction in Cognition and Learning Team   | Reduction in support for a vulnerable group.   | 313   | 19%  | 110 | 61         |            |           |          |
| EFS4                                      | A more equal Wales | IP2 | MSR | Reconfiguration of the team providing support to Gypsy and Traveller learners to create a more efficient service                                     | Whilst the impact is more on the management and leadership of the team, this may result in some slight reduction in the service offered to this vulnerable group but there will still be a service offering support.   | 456   | 11%  |     | 50         |            |           |          |
| EFS5                                      | A prosperous Wales | IP2 | MSR | Reduction in Central South Consortium (CSC) Budget of 1%   | Reduction is achievable within the overall CSC budget and will be mainly achieved through efficiency savings.  | 549   | 1%   | 17  | 5          |            |           |          |
| EFS6                                      | A more equal Wales | IP2 | MSR | Reduction in the Learner Support Team (including statutory functions) governor/governing body support, child employment licensing, school admissions | Reduction in the Learner Support Team, primarily responsible for school admissions, governor/governing body support and child employment licensing. Significant risk in respect of school admissions as this is a statutory function which would need to be delegated to individual schools to manage, including the administration of school admission applications, the allocation of places in each school and the administration and holding of admission appeals. Significant risk of statutory processes not being followed, overcrowding in schools, selective admission of learners etc. | 94    | 20%  |     |            | 19         |           |          |
| EFS7                                      | A prosperous Wales | IP2 | MSR | Reduction in the Education Psychology Service  | Reduced central service to carry out the statutory function of providing advices for statements and Individual Developmental plans. Risk of legal challenge. A consultation would be required.   | 373   | 19%  |     |            | 72         |           |          |
| EFS8                                      | A prosperous Wales | IP3 | SUR | Staff restructure savings  | Potential change in line management responsibilities and staff structures.   | 187   | 100% |     |            | 109        | 78        |          |
| <b>Total Education and Family Support</b> |                    |     |     |  |  |       |      |     | <b>226</b> | <b>200</b> | <b>78</b> | <b>0</b> |

Budget Reduction Proposals 2021-22 to 2024-25

| Ref.           | Links to 7 Wellbeing Goals | Well-being Objective | Categories | Budget Reduction Proposal                               | Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act   | Budget 2020-21 £'000 | Total Budget Reduction 2021-2025 as % of 2020-21 Budget | 2020-21 Budget Reductions £'000 | Proposed 2021-22 £'000 | Indicative 2022-23 £'000 | Indicative 2023-24 £'000 | Indicative 2024-25 £'000 |
|----------------|----------------------------|----------------------|------------|---|--|----------------------|---|---------------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| <b>SCHOOLS</b> |                            |                      |            |   |  |                      |   |                                 |                        |                          |                          |                          |
| SCH1           | A prosperous Wales         | IP3                  | SUR        | Efficiency savings against School Delegated Budgets     | The annual saving represents a 1% efficiency per annum against individual schools budgets. Risk of increased school deficit positions. Implementation will be a matter for individual schools - potential to result in some teacher and other staff redundancies. If efficiency is made solely from staffing budgets, this could range from a minimum of 1 teacher in our larger Primary Schools to 5 teachers in our larger Comprehensive schools over the MTFS period. | £1.014m - ISB Budget | 3%  | 0                               |                        | 1,014                    | 1,014                    | 1,014                    |
|                |                            |                      |            | <b>Total Schools</b>                                    |  |                      |   | <b>0</b>                        | <b>1,014</b>           | <b>1,014</b>             | <b>1,014</b>             | <b>1,014</b>             |
|                |                            |                      |            | <b>Total Education &amp; Family Support Directorate</b> |  |                      |   | <b>226</b>                      | <b>1,214</b>           | <b>1,092</b>             | <b>1,014</b>             | <b>1,014</b>             |

**SOCIAL SERVICES & WELLBEING**

|      |                   |     |     |   |   |              |     |            |            |          |          |          |
|------|-------------------|-----|-----|---|---|--------------|-----|------------|------------|----------|----------|----------|
| SSW1 | A healthier wales | IP2 | MSR | Remodelling day service provision for older people and learning disability services   | Full review of services which could mean alternative methods of service delivery  | 3,268        | 3%  | 90         | 90         |          |          |          |
| SSW2 | A healthier wales | IP2 | MSR | Across Adults and Children's services embed and consolidate outcome focussed practice and commissioning for all services areas. | This will support people to live their lives and will require our systems to be adapted to support the changes in practice. There will be a shift to embed outcome focussed practice which will have a focus on targeted prevention initiatives and by developing collaborative, long term relationships with providers as well as maximising the opportunities of the use of technology. This will be underpinned by planning accommodation, care and support together and listening to people who are experts in their own lives and acting upon what will make a difference. | Not specific | N/A | 150        | 225        | 200      |          |          |
|      |                   |     |     | <b>Total Social Services &amp; Wellbeing Directorate</b>  |   |              |     | <b>315</b> | <b>200</b> | <b>0</b> | <b>0</b> | <b>0</b> |

**COMMUNITIES**

|      |                   |     |     |  |  |       |     |    |     |  |  |  |
|------|-------------------|-----|-----|--|--|-------|-----|----|-----|--|--|--|
| COM1 | A Healthier Wales | IP2 | CST | Transfer of pitches/pavilions through Community Asset Transfer. Increase charges for end-users to achieve full cost recovery for pitches/pavilions that do not transfer. Reduction of grass cut areas and maintained parkland and number of children's play areas. | The savings identified will see the removal of the majority of the remaining seasonal operatives budget with corresponding cuts to plant, equipment and materials. Where asset transfers occur the respective club (Rugby, football, bowls and cricket etc) will be expected to fully fund the ongoing maintenance of the asset. The remaining parks budget will be used to maintain the Council's main parks, highway grass cutting which is safety related, and to secure the ongoing site management and safety of the sites that will remain in Council ownership but, as described, will no longer maintain to a level associated with club level matches and sports events. The level of funding will also dictate the standard of open space maintenance and may impact on the ability to maintain the current number of children's play areas. | 2,256 | 13% | 69 | 300 |  |  |  |
|------|-------------------|-----|-----|--|--|-------|-----|----|-----|--|--|--|

Budget Reduction Proposals 2021-22 to 2024-25

| Ref.                                 | Links to 7 Wellbeing Goals      | Well-being Objective | Categories | Budget Reduction Proposal   | Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act  | Budget 2020-21 £'000 | Total Budget Reduction 2021-2025 as % of 2020-21 Budget | 2020-21 Budget Reductions £'000 | Proposed 2021-22 £'000 | Indicative 2022-23 £'000 | Indicative 2023-24 £'000 | Indicative 2024-25 £'000 |
|--------------------------------------|---------------------------------|----------------------|------------|---|---|----------------------|---|---------------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| Page 433<br>COM2                     | None                            | IP3                  | SUR        | Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site.                      | Construction of the new site will mean that this saving will not be effective until 2021/22.  | 60                   | 100%  |                                 | 60                     |                          |                          |                          |
| COM3                                 | A Wales of cohesive communities | IP2                  | MSR        | Strategic Regeneration Fund - reduction to annual allocation  | The reduction to the Strategic Regeneration Fund will directly impact on the Council's ability to provide match-funding, through which to lever other external funding. There will be no funding for feasibility or development work, on which to prepare bids for funding. Also potential for a loss of private sector investment as a result of inability to engage productively with developers and present Bridgend County in a positive light. | 299                  | 93%   |                                 |                        |                          | 279                      |                          |
| COM4                                 | A prosperous Wales              | IP2                  | MSR        | Cessation of Tourism contract with AMA Associates an external Public Relations Company who promote Bridgend with a range of publishers.           | News coverage about Bridgend County will reduce and this potentially would have implications for visitor numbers and the local economy.   | 25                   | 100%  |                                 |                        | 25                       |                          |                          |
| COM5                                 | None                            | IP3                  | SUR        | The lease for Sunnyside House expires on 31/03/21 - savings will be made from this date.  | No impact on service provision.   | 309                  | 100%  |                                 | 309                    |                          |                          |                          |
| COM6                                 | None                            | IP3                  | SUR        | One off capital payment for fire suppression system required at Tondu. Revenue cost of system is included in the annual contract price with Kier. | Minimal impact. The fire system will be provided and if paid from the Capital Asset budget as opposed to the revenue budget the £60K per annum can be saved.  | 60                   | 100%  |                                 | 60                     |                          |                          |                          |
| COM7                                 | None                            | IP2                  | SUR        | WG National AHP Waste Programme - capital contribution from WG towards 7.5 tonne vehicle to collect AHP recycling                                 | This would require Contract Variation negotiations with Kier to confirm the saving levels proposed based on a reduction in costs in relation to the current AHP vehicle that is leased  | 44                   | 43%   | 14                              | 19                     |                          |                          |                          |
| COM8                                 | None                            | IP3                  | SUR        | Reduction to energy budget for Street Lighting - savings due to replacement with more efficient LED   | Reduction will have limited impact.   | 1,172                | 6%  |                                 | 75                     |                          |                          |                          |
| <b>Total Communities Directorate</b> |                                 |                      |            |   |   |                      |   |                                 | <b>823</b>             | <b>25</b>                | <b>279</b>               | <b>0</b>                 |

**CHIEF EXECUTIVES**

|      |      |     |     |  |  |     |     |  |    |  |  |  |
|------|------|-----|-----|--|--|-----|-----|--|----|--|--|--|
| CEX1 | None | IP3 | SUR | Reduction of the ICT Telephony Budget  | No impact on the communications infrastructure and maintenance   | 275 | 15% |  | 41 |  |  |  |
| CEX2 | None | IP3 | SUR | Domestic pest control contract   | Service would be withdrawn, and citizens would have to pay for a service (pending consultation and Cabinet decision) | 184 | 34% |  | 63 |  |  |  |
| CEX3 | None | IP3 | SUR | Reduction of Communications Licencing Budget - Copyright - Public admin licence & NLA Media Access - copyright licence | No significant impact  | 11  | 71% |  | 8  |  |  |  |

**Budget Reduction Proposals 2021-22 to 2024-25**

| Page<br>Ref. | Links to 7 Wellbeing Goals | Well-being Objective | Categories | Budget Reduction Proposal                  | Impact, including on 5 Ways of Working as set out in the Wellbeing of Future Generations Act   | Budget 2020-21 £'000 | Total Budget Reduction 2021-2025 as % of 2020-21 Budget | 2020-21 Budget Reductions £'000 | Proposed 2021-22 £'000 | Indicative 2022-23 £'000 | Indicative 2023-24 £'000 | Indicative 2024-25 £'000 |
|--------------|----------------------------|----------------------|------------|--|--|----------------------|---|---------------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| 44<br>EX4    | None                       | IP3                  | SUR        | Reduction of HR Staffing Budget            | Reduction of a post and increased workload   | 1,650                | 1%  |                                 | 24                     |                          |                          |                          |
| CEX5         | None                       | IP3                  | SUR        | Reduction of Finance staffing budgets      | Reduction in capacity across the service which will result in potential failure to meet statutory deadlines, such as Statement of Accounts and grant claim deadlines, and also risk increased errors in them. This will generate negative feedback from external auditors and potentially put funding at risk. Will also increase time taken to deal with council tax and housing benefit claims and queries, and could impact on council tax collection rates | 1,481                | 4%  |                                 | 65                     |                          |                          |                          |
|              |                            |                      |            | <b>Total Chief Executive's Directorate</b> |  |                      |   |                                 | <b>201</b>             | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 |

**CORPORATE / COUNCIL WIDE**

|      |      |     |     |  |   |       |    |  |            |          |          |          |
|------|------|-----|-----|--|---|-------|----|--|------------|----------|----------|----------|
| CWD1 | None | IP3 | SUR | Reduction in insurance budget through on-going efficiencies in managing the insurance contract | No impact as favourable insurance contract renewals have been achieved, however no mitigation available for potential increases to premiums in future years                   | 1,438 | 5% |  | 75         |          |          |          |
| CWD2 | None | IP3 | SUR | Savings on building maintenance prudential borrowing budget                                    | No impact - capital financing budget was utilised in 2019-20 to pay off prudential borrowing associated with Minor Works with a long term cost saving benefit for the Council | 3,603 | 3% |  | 120        |          |          |          |
|      |      |     |     | <b>Total Corporate / Council Wide</b>  |   |       |    |  | <b>195</b> | <b>0</b> | <b>0</b> | <b>0</b> |

|   |  |  |  |  |  |  |  |  |              |              |              |              |
|---|--|--|--|--|--|--|--|--|--------------|--------------|--------------|--------------|
| <b>GRAND TOTAL REDUCTIONS</b>                               |  |  |  |  |  |  |  |  | <b>1,760</b> | <b>1,439</b> | <b>1,371</b> | <b>1,014</b> |
| <b>ESTIMATED BUDGET REDUCTION REQUIREMENT (MOST LIKELY)</b> |  |  |  |  |  |  |  |  | <b>1,760</b> | <b>6,959</b> | <b>6,780</b> | <b>6,596</b> |
| <b>REDUCTION SHORTFALL</b>                                  |  |  |  |  |  |  |  |  | <b>0</b>     | <b>5,520</b> | <b>5,409</b> | <b>5,582</b> |

|              |              |              |              |
|--------------|--------------|--------------|--------------|
| <b>698</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>664</b>   | <b>1,123</b> | <b>1,092</b> | <b>1,014</b> |
| <b>398</b>   | <b>316</b>   | <b>279</b>   | <b>0</b>     |
| <b>1,760</b> | <b>1,439</b> | <b>1,371</b> | <b>1,014</b> |

## WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015 ASSESSMENT

## Project Description (key aims):

Medium Term Financial Strategy (MTFS) 2021-22 to 2024-25

**Section 1 Complete the table below to assess how well you have applied the 5 ways of working.****Long-term****1. How does your project / activity balance short-term need with the long-term and planning for the future?**

The development of the MTFS aims to balance short-term needs in terms of meeting savings targets, while safeguarding the ability to meet longer-term objectives. It provides a financial basis for decision making and aims to ensure that the Council's finances can be as healthy as they can be for future generations. It does this by:

- Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council.
- Adhering to a clear set of MTFS principles that drive expenditure decisions.
- Ensuring that the majority of savings are generated from making smarter use of resources with front line service reductions kept to a minimum and only as a last resort.
- The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing and investment in capital schemes that support the Council's well-being objectives and benefits the County Borough over a longer period.
- Protecting front line services as far as possible.

**Prevention****2. How does your project / activity put resources into preventing problems occurring or getting worse?**

The MTFS attempts to balance investment in preventative measures against costs of reacting to unanticipated situations in statutory services. Each budget reduction proposal is weighed in terms of the impact on other areas of the Council, on the public and on the Well-being of Future Generations. Where a budget cut in one area of non-statutory prevention would lead to increased costs in another, this is not considered to be good financial management. A number of budget pressures target investment in preventative services, and budget reductions are achieved through remodelling of existing service provision to prevent more costly long term pressures. In addition, the Council's capital programme targets significant investment in refurbishing or replacing highways, buildings and other infrastructure to prevent longer term maintenance costs.

|                      |  |
|----------------------|--|
| <b>Integration</b>   | <p data-bbox="398 185 2018 225"><b>3. How does your project / activity deliver economic, social, environmental &amp; cultural outcomes together?</b></p> <p data-bbox="398 240 2018 384">The Medium Term Financial Strategy is closely aligned to the Council’s Corporate Plan, with explicit links between resources and well-being objectives. The MTFS has been guided by the 3 Well-being Objectives outlined in the Corporate Plan. The development of the Corporate Plan and MTFS are both the responsibility of Cabinet and the Corporate Management Board.</p>   |
| <b>Collaboration</b> | <p data-bbox="398 475 2018 555"><b>4. How does your project / activity involve working together with partners (internal and external) to deliver well-being objectives?</b></p> <p data-bbox="398 571 2018 746">A number of budget reduction proposals are achievable through inter-agency working, with the Third Sector, Social Enterprises, other local authorities and partners. These include joint services across local authorities, and with the Health Service, and new models of working internally to provide more resilient services. A number of services already collaborate with other partners and these continue to improve performance whilst operating with reducing resources.</p>   |
| <b>Involvement</b>   | <p data-bbox="398 759 2018 831"><b>5. How does your project / activity involve stakeholders with an interest in achieving the well-being goals? How do those stakeholders reflect the diversity of the area?</b></p> <p data-bbox="398 839 2018 1270">A full consultation “Fit for the Future” was launched on 19 October 2020 and ran until 13 December 2020. The consultation asked citizens to share their views on how they think the Council should shape its services going forward, as part of its ‘Restart, Recover and Renew’ strategy, in response to the Covid-19 pandemic. The intention was to understand how the public felt that the Council could look like and how it could deliver sustainable and effective services for the next 5 to 10 years. A wide variety of methods of communication were used including surveys, social media, telephone survey sessions, a number of engagement sessions (members, citizens panel, equality groups), online FAQ sessions and videos, radio and media releases. Because of the limited ability for social interaction due to Covid-19 the Council wanted to make sure as many people as possible could get involved in the consultation and ensured that accessible versions of the survey were available – large print, easy read and youth, as well as standard. An advert was also placed in the Glamorgan Gazette notifying non-domestic rates payers of the consultation, and inviting them to participate, as required by Section 65 of the Local Government Finance Act 1992.</p> <p data-bbox="398 1318 2018 1375">The results will be collated and presented to Cabinet on 19 January 2021 in order to further inform decisions on the MTFS.</p> |

| Section 2 Assess how well your project / activity will result in multiple benefits for our communities and contribute to the national well-being goals  |   |   |
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| Description of the Well-being goals   | How will your project / activity deliver benefits to our communities under the national well-being goals?   | Is there any way to maximise the benefits or minimise any negative impacts to our communities (and the contribution to the national well-being goals)?  |
| <p><b>A prosperous Wales</b><br/>                     An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p> | <ul style="list-style-type: none"> <li>• Improved educational outcomes for children and young people leading to a well-educated and skilled population to meet future skills needs.</li> <li>• Improve future outcomes for young people including educational attainment, cohesive safe communities are more attractive and easier places to do business.</li> <li>• Increase productivity, employment and skills. Encourage a lower carbon economy.</li> </ul> | <p>The majority of savings will be generated from making smarter use of resources with front line service reductions kept to a minimum and only as a last resort.</p> <p>The MTFS will be aligned with the Corporate Plan to achieve the Council's current Well-being Objectives:</p> <p><u>Supporting a successful sustainable economy</u> - taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.</p> <p><u>Helping people and communities to be more healthy and resilient</u> - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop</p> |

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|  |  | <p>solutions to have active, healthy and independent lives.</p> <p><u>Smarter use of resources</u> – ensuring that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council’s well-being objectives.</p> <p>Funding will be targeted in line with these priorities and in line with the 13 MTFS Principles.</p> |
| <p><b>A resilient Wales</b><br/>A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p> | <ul style="list-style-type: none"> <li>• Break long term cycles to secure better outcomes for people and communities.</li> <li>• Stronger individuals and communities are more resilient to change.</li> <li>• Communities place a greater value on their environment and more people get involved in local issues and recognise the importance of green space in wellbeing and as a prevention factor.</li> <li>• Healthy active people in resilient communities, volunteering, keeping young people in the local area, reducing travel to work, increased</li> </ul> | <p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p>   |



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|  | <p>use and awareness of green spaces.</p>  |   |
| <p><b>A healthier Wales</b><br/>A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>                   | <ul style="list-style-type: none"> <li>• Improved future physical and mental well-being, by reducing health harming behaviours.</li> <li>• Promote more involvement in communities to benefit mental health, social and physical activity.</li> <li>• Focus on healthy lifestyles and workplaces, increased income linked to health.</li> </ul>  | <p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p> |
| <p><b>A more equal Wales</b><br/>A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).</p> | <ul style="list-style-type: none"> <li>• Helping all children and young people to reach their full potential, by improving their early years experiences and ensure access to information to help make informed decisions. Improving outcomes for teenage parents and their children.</li> <li>• Recognising that communities are becoming more diverse. Addressing barriers that some groups have in feeling part of communities.</li> <li>• Address income inequality and health inequality, focus on disability, older people and other equality groups. Focus on increasing income and reducing the skills gap.</li> </ul> | <p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p> |

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| <p><b>A Wales of cohesive communities</b><br/>         Attractive, viable, safe and well-connected communities.</p>   | <ul style="list-style-type: none"> <li>• Increased number of confident secure young people playing an active positive role in their communities.</li> <li>• Healthy active people in resilient communities, keeping young people and skills in the local area, tackling poverty as a barrier to engagement in community life a supportive network, developed through initiatives at work, can help to support staff through challenging times in their lives.</li> </ul>  | <p>The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners.</p> |
| <p><b>A Wales of vibrant culture and thriving Welsh language</b><br/>         A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.</p> | <ul style="list-style-type: none"> <li>• Cultural settings provide support sensitive to our increasingly diverse communities and help us identify opportunities to increase the number of Welsh speakers.</li> <li>• Importance of culture and language as a focus for communities coming together.</li> <li>• Bringing more people from different cultures together. More people identifying with their community.</li> <li>• Encourage take up of sports, arts and recreation initiatives through the workplace.</li> <li>• Ensure Welsh culture and language are a part of this. Welsh language</li> </ul> | <p>Compliance with the Welsh Language act and specific Welsh Language Standards will be monitored as part of the annual report.</p>                           |

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|  | skills are beneficial to businesses and in increasing demand.   |  |
| <p><b>A globally responsible Wales</b><br/>A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.</p> | <ul style="list-style-type: none"> <li>• Diverse, confident communities are resilient to change. Promotes a better knowledge of different cultures and a better knowledge of the local environment.</li> <li>• Healthy lifestyles include cultural activities that promote understanding of diversity of communities, different cultures, races. Promote apprenticeships to people from different backgrounds.</li> </ul> | The impact on local communities will be monitored through the wide range of services that will continue to be provided by the Council or its partners. |

| Section 3 Will your project / activity affect people or groups of people with protected characteristics? Explain what will be done to maximise any positive impacts or minimise any negative impacts |  |  |  |
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| Protected characteristics  | Will your project / activity have any positive impacts on those with a protected characteristic?   | Will your project / activity have any negative impacts on those with a protected characteristic? | Is there any way to maximise any positive impacts or minimise any negative impacts?  |
| Age:   | Unknown - The impact, positive or negative, will depend on the nature of the service delivered, the specific budget reduction proposed or budget pressure funded and the service user. |  | This will vary according to the service provided and will be considered through individual Equality Impact Assessments (EIAs). |
| Gender reassignment:   | See above  |  | This will vary according to the service provided and will be considered through individual (EIAs).                             |
| Marriage or civil partnership:   | See above  |  | This will vary according to the service provided and will be considered through individual (EIAs).                             |

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| Pregnancy or maternity: | See above | This will vary according to the service provided and will be considered through individual (EIAs). |
| Race:                   | See above | This will vary according to the service provided and will be considered through individual (EIAs). |
| Religion or Belief:     | See above | This will vary according to the service provided and will be considered through individual (EIAs). |
| Race:                   | See above | This will vary according to the service provided and will be considered through individual (EIAs). |
| Sex:                    | See above | This will vary according to the service provided and will be considered through individual (EIAs). |
| Welsh Language:         | See above | This will vary according to the service provided and will be considered through individual (EIAs). |

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| <b>Section 4 Identify decision meeting for Project/activity e.g. Cabinet, Council or delegated decision taken by Executive members and/or Chief Officers</b> |                                |
| Cabinet  |                                |
| <b>Compiling Officers Name:</b>  | Deborah Exton                  |
| <b>Compiling Officers Job Title:</b>   | Interim Deputy Head of Finance |
| <b>Date Completed:</b>   | 17/12/20                       |